Thursday
17th February, 1949

HE CONSTITUENT ASSEMBLY OF NDIA (LEGISLATIVE) DEBATES

(PART I—QUESTIONS AND ANSWERS)]

Official Report

Volume I, 1949

(1st February to 17th February, 1949)

Fourth Session

OF THE

CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)

1949

Chamber Fumigated 18.10.73

CONTENTS

Volume I—1st February to 17th February, 1949

	Pages
TUESDAY, 1ST FEBRUARY, 1949—	
Starred Questions and Answers	1—30
Statements laid on the table	31—155
WEDNESDAY, 2ND FEBRUARY, 1949—	
Starred Questions and Answers	157-202
Unstarred Question and Answer	202—03
THURSDAY, 3RD FEBRUARY, 1949—	
Starred Questions and Answers	205—58
Appendix	258—308
FRIDAY, 4TH FEBRUARY, 1949—	
Starred Questions and Answers	309—43
MONDAY, 7TH FEBRUARY, 1949—	
Starred Questions and Answers	345—73
TUESDAY, 8TH FEBRUARY, 1949—	
Starred Questions and Answers	375—421
Short Notice Question and Answer	421—22
WEDNESDAY, 9TH FEBRUARY, 1949—	
Starred Questions and Answers	423—58
Request for English Translations of Answers to Supplementary Questions	459
THURSDAY, 10TH FEBRUARY, 1949—	
Starred Questions and Answers	461—510
Short Notice Question and Answer	510—11
Premature publication of Short Notice Question in newspapers	511
Supply of Advance Copies of Answers to Questions, etc., to Members	511—13
FRIDAY, 11TH FEBRUARY, 1949—	
Declaration by Members	515
Starred Questions and Answers	515—43
Unstarred Questions and Answers	543—46
Questions wrongly addressed to other minister	546
Appendix	547—654
MONDAY, 14TH FEBRUARY, 1949—	
Starred Questions and Answers	655—83
Unstarred Questions and Answers	683—86
Short Notice Question and Answer	686
TUESDAY, 15TH FEBRUARY, 1949—	
Starred Questions and Answers	687—736
Unstarred Questions and Answers	737—40
WEDNESDAY, 16TH FEBRUARY, 1949—	
Starred Questions and Answers	741—74
Unstarred Questions and Answers	774—76
Short Notice Question and Answer	776—78
THURSDAY, 17TH FEBRUARY, 1949—	
Starred Questions and Answers	779—807
Short Notice Question and Answer	807

CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART I— QUESTIONS AND ANSWERS)

Thursday, 17th February, 1949.

The Assembly met in the Assembly Chamber of the Council House at a Quarter to Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

STARRED QUESTIONS AND ANSWERS.

(*a*) ORAL ANSWERS

PAYMENT OF DEPOSIT AMOUNTS BY JWALA BANK LIMITED, AGRA

***444. Shri R. K. Sidhva:** (a) Will the Honourable Minister of Finance be pleased to refer to the reply to my starred question No. 614, asked on the 31st August, 1948 and state whether Government have made any efforts to see whether the Jwala Bank Limited, Agra, has paid the full amount of deposits to the depositors?

(b) What was the total amount of deposits when the Bank stopped receiving new deposits?

(c) How many deposits have been paid off and were they paid in full or in part?

(d) What is the present position of the Bank and are the depositors likely to get their deposits paid in full?

The Honourable Dr. John Matthai: (a) Government have no authority to ensure full payment to the depositors.

(b) to (d). Government have no information.

Shri R. K. Sidhva: May I know how many times the Reserve Bank inspected this Bank and at what stage they found that the bank was not sound?

The Honourable Dr. John Matthai: I think it was on the 12th April that this order was issued preventing the banking company from accepting fresh deposits.

Shri R. K. Sidhva: May I know how many times they inspected it?

The Honourable Dr. John Matthai: I have no information.

Shri R. K. Sidhva: May I know how much was the deposit of the public and whether it is a fact according to the management that Rs. 72 lakhs has been paid away within two months? May I know whether hundred per cent of the deposits has been refunded or whether they have paid less?

The Honourable Dr. John Matthai: The only information that I have is what is contained in the Weekly Statements submitted to the Reserve Bank and from these statements I find that a few days before this order was issued prohibiting the accepting of fresh deposits, the total amount of demand and time liabilities was somewhere about Rs. 88 lakhs. In the latest statement that we have received I think the total amount of liabilities is shown as Rs. 16 lakhs.

Shri R. K. Sidhva: Will the Honourable Minister enquire how many visits were paid by the Inspectors in view of the section in the Reserve Bank Act?

The Honourable Dr. John Matthai: I will make enquiries.

Dr. P. S. Deshmukh: Do Government keep in touch with the affairs of such crashing banks—banks which are falling or collapsing?

The Honourable Dr. John Matthai: Government have got authority, especially under the present Banking Ordinance, to take suitable steps; and the particular measure that was taken, preventing this bank from accepting deposits, was the most drastic step that could be taken under the present Ordinance.

Dr. P. S. Deshmukh: Are there any other banks in connection with whom such drastic steps have had to be taken?

The Honourable Dr. John Matthai: It is not in the public interest to disclose that.

Shri R. K. Sidhva: In this particular case may I ask whether Government took any special interest to see that the depositors' moneys are safe?

The Honourable Dr. John Matthai: The question of requiring the bank to make the payments due to the depositors is a matter that lies within the province of a court of law.

DELHI MUNICIPAL RE-ORGANISATION ENQUIRY COMMITTEE

*445. **Shri R. K. Sidhva:** (a) Will the Honourable Minister of Health be pleased to state whether Government have considered the report made by the Delhi Municipal Re-organisation Enquiry Committee?

(b) If so, what are their recommendations?

(c) When are Government likely to introduce legislation for amalgamating all local bodies?

(d) What are the reasons for the delay in putting the recommendations of the Committee into effect?

The Honourable Rajkumari Amrit Kaur: (a) to (c). The Report of the Delhi Municipal Organisation Enquiry Committee is still under the consideration of Government.

(d) As the honourable member is aware, considerable changes have taken place in the Delhi urban area since the Committee submitted their Report. Before final decisions are reached, therefore, Government would like to consider to what extent these changes have altered the basis of the main recommendations of the Committee, particularly in regard to the finances of the proposed Corporation. This is likely to take some time.

Shrimati Renuka Ray: Have Government taken any steps to appoint anybody to look into the financial aspects of the proposal?

The Honourable Rajkumari Amrit Kaur: That matter is under active consideration.

Shri V. C. Kesava Rao: May I know when the Report of this Committee was submitted to the Government?

The Honourable Rajkumari Amrit Kaur: The Report actually came into the hands of Government in May last year.

Shri R. K. Sidhva: May I know whether it is the intention of Government to amalgamate all these Municipal Committees into one Corporation?

The Honourable Rajkumari Amrit Kaur: That decision will have to be taken when the Report is considered.

Shri Deshbandhu Gupta: May I ask if the different Ministries have expressed their opinion on this Report?

The Honourable Rajkumari Amrit Kaur: It has been circulated to the different Ministries and they have not sent in any comments so far.

Shri Deshbandhu Gupta: Will the Honourable Minister take steps to see that the matter is not delayed on that account?

The Honourable Rajkumari Amrit Kaur: I am not going to delay the matter as far as it is in my power not to do so.

APPLICATIONS FOR I.A.S. AND I.P.S.

***446. Shri R. K. Sidhva:** (a) Will the Honourable Minister of Home Affairs be pleased to state the total number of applications received for the I.A.S. and the I.P.S.?

(b) How many of them have been interviewed by the Special Recruitment Board and how many selected for the different services?

(c) How many will be appointed straightway?

(d) Have any women been selected and if so, for what service?

The Honourable Sardar Vallabhbhai Patel: (a) 16,850.

(b) and (c). 1038 candidates were interviewed by the Special Recruitment Board upto 31st January 1949. Further interviews are proceeding. As selections of candidates depend on positions obtained by them in the final all-India list no complete list of selected candidates is available yet. Candidates numbering sixteen for the Indian Administrative Service and twenty-five for the Indian Police Service, however, who have been placed so high by the Special Recruitment Board that their inclusion in the final list of selected candidates is reasonably certain have been offered appointments to these services as an interim measure.

(d) No woman candidate has so far been offered appointment either to the Indian Administrative Service or to the Indian Police Service.

Shri R. K. Sidhva: Has this Recruitment Board completed its interviews in all the Provinces?

The Honourable Sardar Vallabhbhai Patel: As I have said, interviews are still proceeding.

Shri M. Tirumala Rao: With regard to part (c), is there any proportion of provincial representation to be observed by the Board—that all the provinces will be proportionately represented provided duly qualified candidates are forthcoming?

The Honourable Sardar Vallabhbhai Patel: Of course so.

Shri H. V. Kamath: May I know how many women applied and how many were interviewed?

The Honourable Sardar Vallabhbhai Patel: As many as were available were interviewed.

Shri Deshbandhu Gupta: May I know whether it is a fact that at the time of interviews a representative of the different Provinces is also attached to the Selection Board?

The Honourable Sardar Vallabhbhai Patel: Yes, it is so.

Shri Deshbandhu Gupta: May I know whether it is also done in the case of Delhi?

The Honourable Sardar Vallabhbhai Patel: I do not know whether the Board has come to Delhi Province yet.

Mr. Frank Anthony: Is the Central Government's control of the I.P.S. the same as the Central Government's control of the I.A.S.?

The Honourable Sardar Vallabhbhai Patel: Yes.

Shri L. Krishnaswami Bharathi: With reference to the answer just now given that sixteen persons were selected for the I.A.S. and twenty-five for the I.P.S. may I ask how many of them have been obtained from those already in service and how many from what is called the open market, that is by direct recruitment?

The Honourable Sardar Vallabhbhai Patel: I am not in a position to say that.

Shrimati G. Durgabai: May I know whether no woman has offered herself for either of these categories of posts?

The Honourable Sardar Vallabhbhai Patel: I will enquire.

Shri Sita Ram S. Jajoo: May I know whether candidates from Indian States are treated on a par with candidates from the Provinces in this respect or not?

The Honourable Sardar Vallabhbhai Patel: Not yet.

Shri Deshbandhu Gupta: May I know whether the Honourable Minister's attention has been drawn to a resolution passed by the Chief Commissioner's Advisory Council requesting the Government that Delhi's representative should also be associated with the Selection Board when candidates from Delhi are interviewed?

The Honourable Sardar Vallabhbhai Patel: I am not aware of it.

Shri L. Krishnaswami Bharathi: How long will it take to complete the selections in view of the fact that it is an Emergency Selection Board and it is now nearly a year?

The Honourable Sardar Vallabhbhai Patel: I do not think the period has been so long as suggested, but they are nearing completion now.

Prof. N. G. Ranga: What is the total estimate of the number of officers whom Government wish to appoint for the time being in the I.A.S. as well as the I.P.S.?

The Honourable Sardar Vallabhbhai Patel: The number of vacancies in the I.A.S. in all the nine Provinces is estimated to be 251 and in the I.P.S. 293.

PUBLICATIONS OF MINISTRY OF INFORMATION AND BROADCASTING

***447. Shri R. K. Sidhva:** (a) Will the Honourable Minister of Information and Broadcasting be pleased to state the number of publications published by his Ministry in various languages and the number of editors and sub-editors employed to edit such publications?

(b) Are the publications weekly or monthly?

(c) What is the total cost of all the publications and amongst whom are the said periodicals circulated?

(d) Is any subscription received for such publications?

The Honourable Shri R. R. Diwakar: (a) The number of publications issued by the Ministry of Information and Broadcasting is—

Periodicals :	In English	6
	In Hindi	5
	In Urdu	5
	In Tamil	1
	In Bengali	1
	In Gujarati	1
	In Arabic	1

Pamphlets :	In English	22
(from 1st January, 1948	In Hindi	7
to 31st December, 1948)	In Arabic	1
	In Persian	1

The number of editors and sub-editors employed to edit these publications is sixteen.

(b) The periodicals are published fortnightly, monthly, bimonthly and quarterly.

Pamphlets are *ad hoc* publications issued as necessary.

(c) The total cost of producing all these publications inclusive of the cost of paper and printing and despatch charges in 1948-49 is estimated as Rs. 19,21,996.

The periodicals are sold to subscribers and also circulated to Ministries of Government of India, Provincial and States Governments, Foreign Embassies and Consulates in India, Indian Embassies etc. abroad, Press Correspondents, Journalists, Libraries etc.

(d) Yes.

Shri R. K. Sidhva: What is the circulation of these publications? May I know how much amount is recovered from the subscribers?

The Honourable Shri R. R. Diwakar: As regards circulation I shall have to lay a statement on the table of the House, if all the details are required. As regards recovery, about ten lakhs are recovered from the subscribers.

Shri R. K. Sidhva: The Honourable Minister said that 19 lakhs was the cost of production of those publications. If that is so, may I know if 9 lakhs is the loss that is sustained by Government?

Mr. Speaker: I suppose that should be the presumption.

The Honourable Shri R. R. Diwakar: That is not the point.

Shri R. K. Sidhva: What then is the point?

The Honourable Shri R. R. Diwakar: What is the information wanted by the honourable member?

Shri R. K. Sidhva: I said that according to the figures given by the Honourable Minister Rs. 9 lakhs was the loss. Is that correct?

The Honourable Shri R. R. Diwakar: Yes.

Seth Govind Das: Is any consideration given, when these periodicals are published, with respect to the population which speaks particular languages?

The Honourable Shri R. R. Diwakar: I think generally that is taken into consideration.

Seth Govind Das: May I know why five periodicals are being published in Hindi and five in Urdu, when the Hindi-speaking population is much larger than the Urdu-speaking population?

Mr. Speaker: Order, order. The honourable member is entering into an argument. He can carry on the argument later.

Dr. P. S. Deshmukh: May I know, so far as languages are concerned, if the present list is the same as used to be in days and years gone by or has it been revised recently?

Several Honourable Members *rose* —

Mr. Speaker: Order, order. In that case I shall have to call the next question.

Shri B. Shiva Rao: Sir, it is an important question. . . . .

Mr. Speaker: Honourable member must follow the answer and should not be in a hurry. If one member interrupts while another member's question is being answered the only course the Chair can adopt is to go to the next question.

Dr. P. S. Deshmukh: Sir, my question was whether the list according to languages of the publications now being issued is the same as it was before Independence or whether it has been revised recently.

The Honourable Shri R. R. Diwakar: It is being revised and it was revised also.

Shri M. Tirumala Rao: Will Government consider the desirability of issuing these publications in Telugu also, as the Telugu-speaking population is the third largest in the country?

Mr. Speaker: Order, order.

گیانی گورمکھ سنگھ مسافر : کیا پنجابی زبان اور پنجابی سکرپٹ میں کوئی پبلیکیشن ہوئی ہیں؟

Giani Gurmukh Singh Musafir: Have any publications been issued in the Punjabi language and Punjabi Script?

माननीय श्री आर० आर० दिवाकर : अभीतक तो नहीं हैं।

The Honourable Shri R. R. Diwakar: Not yet.

Shri Moturi Satyanarayana: May I know whether the Urdu circulation is not larger than the Hindi circulation? What exactly is the difference between the circulation of the two?

The Honourable Shri R. R. Diwakar: I have already stated that I shall lay a statement on the table as regards circulation of Hindi and Urdu publications. After the honourable member has seen that, he will get a better idea.

Shri B. Shiva Rao: May I know whether the total cost of the publications (which is 19 lakhs) also includes the salaries of the establishment on the publications editorial side?

The Honourable Shri R. R. Diwakar: The establishment is not included. It comes to about 3 lakhs and odd.

Mr. Frank Anthony: Is Government aware that the Indian Information is invariably received at least a month after its alleged date of publication?

Mr. Speaker: Order, order.

Seth Govind Das: Are Government contemplating to stop any publications in Hindi like *Bal Bharathi* in the near future?

The Honourable Shri R. R. Diwakar: No.

Shri K. Hanumanthaiya: In appointing editors and sub-editors are journalists given preference?

The Honourable Shri R. R. Diwakar: I think so.

Pandit Lakshmi Kanta Maitra: What happens to the copyright of the publications? Does it remain with the Government of India in the Information Department or there is no copyright observed?

The Honourable Shri R. R. Diwakar: It is with the Government of India.

Shri Mahavir Tyagi: May I know where these pamphlets are printed? Are they printed in the Government or in private presses? If they are printed in private presses I would also like to know as to whether tenders are invited or whether the officers of the Department exercise their discretion regarding the selection of the press for the work.

The Honourable Shri R. R. Diwakar: Some are printed in government press and some in private presses. As regards private presses, tenders are invited and the usual procedure followed.

Ch. Ranbir Singh: Are Government prepared to circulate these publications among the members of the House?

The Honourable Shri R. R. Diwakar: Those members who ask for them are supplied with these publications.

Shri H. V. Kamath: As regards editors and sub-editors are their appointments made through the Federal Public Service Commission or by a departmental selection board?

The Honourable Shri R. R. Diwakar: Certainly by the Federal Public Service Commission.

Shri Deshbandhu Gupta: May I know if Government is satisfied that the cost of producing all these publications is not more than what is incurred by private publishers?

Mr. Speaker: Order, order.

Dr. P. S. Deshmukh: The Honourable Minister has mentioned ten lakhs as the income from subscribers. What portion of this comes from private subscribers? I believe most of the subscriptions are from Government or from institutions which are compulsorily made to purchase them. Is that a fact?

The Honourable Shri R. R. Diwakar: I think the question requires notice.

Privy Purses of Rulers of States

*448. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of States be pleased to state whether there is any uniform rule in respect of the fixation of privy purses for the rulers whose States have either merged with different Provinces or have been administratively integrated into Unions, and if so, whether this rule has been followed in respect of the rulers of all the States?

(b) Were the representatives of the people forming popular Ministries in the States consulted in the matter of fixation of the privy purses?

(c) What is the extent of privy purses fixed in the cases of the Maharajas of Gwalior, Indore, Bilaspore and Baroda and what percentage does the amount of privy purse form of the total revenue of these States?

The Honourable Sardar Vallabhbhai Patel: (a) to (c). As a general rule privy purses were calculated on the basis of fifteen per cent. on the first lakh of the revenues of the State, ten per cent. on the next four lakhs and seven and a half per cent. on the balance subject to a maximum of ten lakhs of rupees. In some cases exceptions have had to be made, but they apply only for the lifetime of the present Rulers and the question of fixation of their privy purses of their successors is yet to be settled. The privy purse fixed for His Highness the Maharaja of Gwalior is twenty-five lakhs of rupees and for His Highness the present Maharaja of Indore fifteen lakhs. This represents six per cent. of the revenues of the State in the case of Gwalior and five per cent. in the case of revenues of Indore. The privy purse for the Ruler of Bilaspur has not yet been fixed. That of Baroda has just been fixed at 26½ lakhs. As far as possible the popular leaders have been taken into consultation in fixing the privy purse.

Shri H. V. Kamath: In view of the statement that the Honourable Minister recently made on the floor of this House to the effect that the states are being brought into line with the provinces, does the Honourable Minister propose to fix privy purses at a higher level than the salary and emoluments of a provincial governor?

The Honourable Sardar Vallabhbhai Patel: I have not known any province in which there is a Rajpramukh.

Shri H. V. Kamath: Sir, I am asking. . . .

Mr. Speaker: The honourable member is making a suggestion in the guise of asking for information. Let him ask for information. He may comment later on.

Dr. P. S. Deshmukh: Is it a fact that some Rulers have left only nine annas six pies in their treasuries whereas other Rulers have left crores of rupees?

The Honourable Sardar Vallabhbhai Patel: All Rulers, it is well-known, have not got equal balances.

Dr. P. S. Deshmukh: May I know what amount was left in the Gwalior treasury?

The Honourable Sardar Vallabhbhai Patel: At the time of the formation of the Union, the income of the State handed over was Rs. 60 lakhs a year.

Dr. P. S. Deshmukh: But there was no balance in the treasury.

Mr. Speaker: Order, order.

Shrimati G. Durgabai: From what has appeared in the Press, it seems that an amount of one crore has been fixed as the privy purse to the Ruler of Hyderabad. Is it a fact?

The Honourable Sardar Vallabhbhai Patel: No, Sir.

Shri H. V. Kamath: How many Maharajas or Rajpramukhs of the States are assigned a privy purse higher than the salary and emoluments of the Provincial Governors?

The Honourable Sardar Vallabhbhai Patel: I cannot say. I want notice.

Shri K. Hanumanthaiya: Would the States Ministry welcome it if the Constituent Assembly of a State and the concerned Ruler come to an arrangement regarding the privy purse, that is by way of reducing the privy purse?

Mr. Speaker: This is not a proper question for information. Next question.

CURRENCY NOTES IN CIRCULATION

*449. **Pandit Mukut Bihari Lal Bhargava:** Will the Honourable Minister of Finance be pleased to state what was the amount of currency notes in circulation in the year 1940, and what was the extent of currency notes in circulation in the year 1948?

The Honourable Dr. John Matthai: Rs. 241·25 crores for the week ended the 27th December, 1940, and Rs. 1,188·20 crores for the week ended the 31st December, 1948.

COMPULSORY BORROWING BY GOVERNMENT AS AN ANTI-INFLATIONARY MEASURE

*450. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of Finance be pleased to state whether Government have considered any compulsory borrowing programme as an effective step in their anti-inflation policy?

(b) Has the attention of the Government of India been drawn to certain suggestions published in the November, 1948 issue of the monthly magazine, *Science and Culture*, Volume 14, pages 167-171, regarding dis-inflation *cum* compulsory borrowing by Government, and if so, do Government intend to act on the various recommendations contained therein and if not, why not?

The Honourable Dr. John Matthai: (a) and (b). As the honourable member is aware, the whole question of anti-inflationary measures was discussed in detail in the House during the last session and after consideration of all the suggestions received from various quarters, Government adopted certain measures which were announced in the Press Communiques issued on the 4th and 22nd October 1948. The suggestions contained in the magazine article

referred to are not new and have already received consideration. I would invite, in particular, the honourable member's attention to the statement made by the Prime Minister in the House on the 3rd September 1948 in which it was made clear that Government had no intention to demonetise notes or to freeze any part of bank deposits.

Infiltration of Pakistan Army into East Punjab

*451. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of Defence be pleased to state whether there was any infiltration of the Baluchi Regiment of the Pakistan Army in the East Punjab border and whether they had any clash with the East Punjab Police and the Indian Military, and if so, with what result or casualties?

(b) What steps have Government taken to prevent the recurrence of such incidents?

The Honourable Sardar Baldev Singh: (a) No infiltration of Baluch troops of the Pakistan Army as such has been reported. Members of the Baluch Regiment have, however, occasionally fired at our villagers. Casualties on this account have been negligible.

(b) Government have taken all possible steps in this direction, but it will be appreciated that it is not always possible to prevent minor raids across a frontier of this length.

Action against Printing Presses, News Papers, etc. in connection with R. S. S. Movement in Centrally Administered Areas

*452. **Pandit Mukut Bihari Lal Bhargava:** Will the Honourable Minister of Home Affairs be pleased to state the names of newspapers, pamphlets, booklets, etc., which were banned, seized and confiscated as directly or indirectly helping the Rashtriya Swayam Sevak Sangh movement in the Centrally Administered areas and the names of the different Printing Presses which were seized, closed or forfeited in these areas.

The Honourable Sardar Vallabhbhai Patel: I lay on the table of the House a statement showing the names of newspaper, pamphlets, etc., banned, seized or confiscated and the names of the printing Presses seized, closed or forfeited in the Centrally Administered Areas for helping the R.S.S. movement.

STATEMENT

Names of newspapers, pamphlets, etc., banned, seized or confiscated in the centrally Administered areas and the names of the Printing Presses seized, closed or forfeited in those areas for helping the R. S. S. movement.

Delhi

1. (a) The printing and publishing of the following papers were prohibited under section 5(1) of the Punjab Public Safety Act, 1947, as extended to the Delhi Province :

(1) English Weekly *Organiser.*

(2) Hindi Daily *Bharat Varsh.*

(b) The entry into Delhi Province of the following papers was prohibited under section

2. (1) of the Punjab Public Safety Act as extended to the Delhi Province :

(1) Urdu Daily *Hindu* of Jullundur.

(2) Hindi weekly *Akash Vani* of Jullundur.

(c) Copies of the following publications were declared forfeited under section 19 of the Indian Press (Emergency) Powers Act, 1931 :

(1) A poster in English beginning with the words "U.N.O. LOST" and ending with the words "IS IT DEMOCRACY" written by Narindra.

(2) The book in English entitled "THE CRUCIFICATION AND AFTER" published by L. N. Vashisht and printed at Mahalaxmi Press, Delhi.

(3) The document in English entitled "A plea to pause and ponder" beginning with the words "The Rashtriya Swayamsewak Sangh has been" and ending with the words "to lift it without any further delay".

(4) A book in Hindi entitled "Wartman Shasan ke Fascist Pravertian" written by Shri Vidya Sagar Vidalankar, published by Pustak Sagar, 7 Kolhapur House, Subzimandi, Delhi, and printed at Arjun Press, Naya Bazar, Delhi.

(5) A book in Hindi entitled "Pathick", written by Shri Guru Datt, published by Messrs. Vidya Mandir Limited, New Delhi, and printed at Gondal's Press, Connaught Circus, New Delhi.

(d) The following presses were sealed or seized :

(i) The General Printing Works, Nai Sarak, Delhi.
(ii) Bharat Mudranalaya Press, Faiz Bazar, Delhi.
(iii) Vidaydhar Art Press, Bara Hindu Rao, Sadar Bazar, Delhi.

AJMER-MERWARA—Nil.

Coord—Nil.

Dr. Monomohan Das: May I know whether the Government has not any intention of returning in the near future the printing presses which have been confiscated?

The Honourable Sardar Vallabhbhai Patel: There is no such intention at present.

ARRANGEMENTS TO MAKE INDIA SELF-SUFFICIENT IN AMMUNITION

*453. **Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Defence be pleased to state what arrangements have been made to make India self-sufficient in respect of the ammunition required for the army?

(b) When is India expected to be self-sufficient in this class of goods?

(c) What is the total cost of the armaments imported during the years 1946-47 and 1947-48?

The Honourable Sardar Baldev Singh: (a) The necessity for making India as self-sufficient as possible in the matter of ammunition is fully realised and various measures have been and are being taken towards that end. It is not, however, in the public interest to disclose the plans in detail.

(b) It is not possible to give an idea of the date by which it is hoped self-sufficiency will be achieved because there are so many uncertain factors. It should be appreciated that the production of armaments calls for a knowledge of closely guarded secrets in regard to some of the items, and even in regard to others, the development of various technological industries in the country is a pre-requisite for the attainment of self-sufficiency in the matter of production of armaments. Whatever is feasible is being done and the whole question is under constant review.

(c) The cost of armaments imported is not separately available as this is merged with the cost of other stores imported by the Armed Forces. The years 1946-47 and 1947-48 were also abnormal in certain respects. For example, in 1946-47 stores imported to India were initially paid for by the U.K. Government and were imported to India not only for India's use but also to meet the requirements of the U.K. Forces in the Far East as a result of which there was a good deal of movement of stores in and out of India. The figures for 1947-48 again include partly imports for the Dominion of India and partly for the requirements of the undivided India. However, even if the figures were available it would not be in the public interest to disclose them.

Shri V. C. Kesava Rao: May I know whether any factories manufacturing special type of ammunition were destroyed after the war?

The Honourable Sardar Baldev Singh: No, Sir.

Seth Govind Das: Is it not a fact that as one of the measures for making India self-sufficient as far as ammunition is concerned, it was proposed by the

Government to start certain Ordnance Factories which were closed down? Have all these factories been started?

The Honourable Sardar Baldev Singh: The proposal was examined in detail and all those factories which were considered necessary for the production of ammunition are being started.

Seth Govind Das: Does the Honourable Minister remember that as far as the Khamaria factory in the Central Provinces is concerned, the honourable member promised that it would be started, and does he know that it is not in full swing even now?

The Honourable Sardar Baldev Singh: What I have stated is that steps are being taken to start the Khamaria factory. I repeat again that arrangements are being made to start the factory. The honourable member will appreciate that it will take some time before the factory is actually started.

Shri L. Krishnaswami Bharathi: What is exactly meant by self-sufficiency in ammunition?

Mr. Speaker: That is not information within the special cognizance of the Minister.

Shri Deshbandhu Gupta: Has there been any increase in production in the year 1948 over that of 1947?

The Honourable Sardar Baldev Singh: Yes, Sir. There has been.

Mr. Frank Anthony: If the Defence Ministry takes protection or refuses to give information on this alleged plea of public interest, how are members of this House going to put a stop to inefficiency and incompetence, which is generally known to the public?

Mr. Speaker: That is not asking for information, it is arguing. But the honourable member can approach the Defence Minister privately.

Shri H. V. Kamath: In view of the fact that the volume of armaments is dependent upon the size of the Army, has the size of free India's Army been finalized?

The Honourable Sardar Baldev Singh: No, Sir.

Universal Basic Education

***454. Shri V. C. Kesava Rao:** (a) Will the Honourable Minister of Education be pleased to state what progress has been made in the introduction of universal basic education?

(b) Are the Government of India in charge of the whole scheme or is it to be eventually entrusted to the Provincial Governments?

آنریبل مولانا ابوالکلام آزاد : (a) تمام پرانتوں کی حکومتوں نے ایسے بچوں کیلئے جو چھ سے گیارہ برس کی عمر کے ہوں بیسک اسکول کھول دئے ہیں۔ کہیں کہیں سینیر بیسک اسکول بھی کھل گئے ہیں جنمیں گیارہ سے چودہ برس کے گروپ کی پڑھائی کا انتظام کیا گیا ہے۔ ٹیچروں کی ٹریننگ کا بھی کئی پرانتوں میں کام ہو رہا ہے۔

سنٹرل گورمنٹ کے ہاتھہ میں جن جگہوں کا انتظام ہے انکا حال یہ ہے ۴۸-۴۹ میں ایک سو نئے بیسک اسکول دلی کی دیہاتی بستیوں میں بھی کھولے گئے۔ دو ٹریننگ انسٹی ٹیوشن بیسک ٹیچروں کے لئے بھی کھولے گئے ہیں۔ ایک دلی میں ایک اجمیر میں۔ کورگ کے تین امیدوار الہ آباد کے ٹریننگ کالج میں بھیجے گئے ہیں یہ اپنی پڑھائی پوری کرکے کورگ جائینگے تو وہاں بیسک اسکول

اور ٹریننگ انسٹی ٹیوشن کا کام شروع کیا جائیگا -

کئی دیسی ریاستوں میں بھی بیسک سسٹم شروع ہو رہا ہے جیسے میسور اور رامپور -

(b) پراونشل گورنمنٹیں اپنے اپنے پراونس میں بیسک ایجوکیشن کیلئے ڈائرکٹ ذمہ داری رکھتی ہیں لیکن وہ بیسک سسٹم کے اس جنرل آؤٹ لائن پر چلتی ہیں جو سنٹرل ایڈوائزری بورڈ نے ٹھہرا دیا ہے تمام پراونشل گورنمنٹوں کو سنٹرل گورنمنٹ سے اس کام کیلئے گرانٹ ملتی ہے -

سنٹرل گورنمنٹ پراونشل گورنمنٹوں کو صرف گرانٹ ہی نہیں دیتی بلکہ اس سے زیادہ اس کام میں مدد دے رہی ہے - منسٹری آف ایجوکیشن نے ایک آل انڈیا اسکیم بنائی ہے جسکا مقصد یہ ہے کہ دس برس کے اندر تمام ملک میں جونیر بیسک اسکیم یونیورسل اور کمپلسری کر دیجائے - سنٹرل ایڈوائزری بورڈ نے اسکے لئے اپنی رپورٹ ۴۴ میں چالیس برس کی مدت ٹھہرائی تھی -

یہ اسکیم ایڈوائزری بورڈ نے اپنی پچھلی میٹنگ میں منظور کرلی ہے اور اس مہینے میں تمام پراونسوں کے ایجوکیشن منسٹروں کی ایک کانفرنس دلی میں ہو رہی ہے جو اسبات پر سوچ وچار کریگی کہ کسطرح اسے فوراً کام میں لایا جائے - اسکیم کے چلانے میں سب سے بڑی رکاوٹ فنڈز کی کمی ہے لیکن بہر حال امید کیجاتی ہے - کہ ہم ایک نیا قدم اٹھا سکینگے -

The Honourable Maulana Abul Kalam Azad: (a) Almost all the Provincial Governments have opened Basic Schools for children of 6-11. Some of the Provinces, for example Bihar, have also started Senior Basic Schools for 11-14 age group. Several Provinces have made arrangements for training of teachers in Basic system.

In regard to Centrally administered Areas, during 1948-49, about 100 new Basic Schools were started in the rural areas of Delhi Province. Two Training Institutions for Basic Teachers, one in Delhi and the other in Ajmer, were started. Coorg has deputed three candidates for training in Basic Education to the Training College, Allahabad. After their return, Training College for Basic Teachers and Basic Schools for children will be started in Coorg.

Some of the States namely, Mysore, Rampur, etc. are also taking steps to introduce Basic system of education.

(b) The Provincial Governments are directly responsible for Basic Education in their respective areas, though they are following the general outline of the Basic System laid down by the Central Advisory Board of Education in their Report of 1944 as modified by the Board during 1948-49. All the Provincial Governments, however, get grants for Basic Education from the Centre.

The Centre's responsibility, however, does not end with giving grants to the Provinces. The Ministry of Education have prepared an All-India Scheme for introducing compulsion among all children of 6-11 in a period of 10 years as against a period of 40 years, previously envisaged by the Central Advisory Board of Education. This scheme has been accepted by the Board at its last meeting in January and immediate implementation of it will be discussed at a Conference of all Provincial Education Ministers to be held this month. The

main difficulty in implementation of the scheme is lack of funds but in spite of this, it is hoped that a beginning can be made in the coming academic year.

Shrimati Renuka Ray: In view of the fact. . .

Shrimati Dakshyani Velayudhan: I want translation.

Mr. Speaker: Let her put the question.

Shrimati Renuka Ray: In view of the fact that provincial governments spend a very small proportion of their Budget on education, has the Central Government taken steps to emphasize on them the necessity of allocating more funds for education and also refusing to give Central subsidies if they do not keep in touch with the programme of the Central Advisory Board and spend more money on education.

Dr. P. S. Deshmukh: On a point of order. The honourable Lady member on this side of the House was asking for a translation of the replies before any supplementaries were put. I think her request should be considered.

Mr. Speaker: That is not a point of order. I have heard that request and in due course of time, after seeing how the supplementaries are developing, I will see whether that request should or should not be granted. The difficulty, honourable members will realize, is this, that, if on account of the request of any single individual member, I were to allow the translation of every question, then the proceedings must absolutely be conducted in English and there can never be any turn-over to Hindustani. So I request the honourable members to see that they try to follow Hindustani, particularly the replies of the Honourable Maulana Saheb which are in very simple Hindustani in this case, and for all the most important things, English words are used by him, but that is another matter. It is a matter of opinion.

Shri Ramalingam Chettiar: May I suggest that the Honourable the Education Minister may have a Deputy to him to answer in English?

Shrimati Renuka Ray *rose*—

Mr. Speaker: Order, order. Let us allow her to put her question.

Shrimati Renuka Ray: Have Central Government emphasized on the provincial governments the need for coming into line with the C.A.B. schemes and spending more money on education in provincial budgets and if they do not do so, will the Central Government be prepared not to give them subsidies for development schemes?

آنریبل مولانا ابوالکلام آزاد : سنٹرل گورنمنٹ اِس کی پوری کوشش کرتی ہے مگر اس کے سامنے کوئی ایسی بات نہیں ہے جس کی وجہ سے وہ کسی پراونس کی گرانٹ بند کرے –

The Honourable Maulana Abul Kalam Azad: The Central Government does its best, but there is no such thing before it on account of which it should stop giving grant to any Provincial Government.

Mr. Speaker: Mr. Chettiar. He wanted to put a question.

Shri T. A. Ramalingam Chettiar: Not a question. I suggested with reference to the difficulties expressed regarding translation . . . . .

Mr. Speaker: That has been noted.

श्रीमती जी० दुर्गाबाई : क्या मैं यह जान सकती हूं कि गवर्नमेंट द्वारा केन्द्रीय या प्रान्तीय जितने बेसिक स्कूल खोले गये हैं उनमें काम करने के लिये काफी (qualified hands) मौजूद हैं। क्या इसका कुछ अन्दाजा है और इसके लिये गवर्नमेंट क्या कोशिश कर रही है।

Shrimati G. Durgabai: May I know if a sufficient number of qualified hands is available for employment in the Basic Schools opened both by the Central and Provincial Governments? Are any figures available? And what efforts are being made by Government in this respect?

آنریبل مولانا ابوالکلام آزاد : اس کے لئے پوری کوشش کی جا رہی ہے - لیکن میں اِسکی پوری تفصیل ابھی نہیں دے سکتا -

The Honourable Maulana Abul Kalam Azad: Every effort is being made in this direction. But I cannot give its full details at the moment.

Shri V. C. Kesava Rao: How many teachers were given training in basic education during the last financial year?

آنریبل مولانا ابوالکلام آزاد : اس کے لئے نوٹس کی ضرورت ہے -

The Honourable Maulana Abul Kalam Azad: I would require notice for that.

श्री एच० वी० कामत : क्या माननीय शिक्षा मंत्री यह बतलाने की कृपा करेंगे कि गत वर्ष में दिल्ली, अजमेर-मेरवाड़ा और कुर्ग में बेसिक शिक्षा प्रचार के लिय कितने रुपये सरकार ने खर्च किये ?

Shri H. V. Kamath: Will the Honourable Minister of Education please state how much amount was spent by the Government during the past year on the introduction of basic education in Delhi, Ajmer-Merwara and Coorg?

آنریبل مولانا ابوالکلام آزاد : اسکے لئے نوٹس کی ضرورت ہے -

The Honourable Maulana Abul Kalam Azad: A notice for that is required.

ڈاکٹر وائی- ایس- پرمار : کیا میں دریافت کر سکتا ہوں کہ ہماچل پردیش میں وئی بیسک اسکول کھولا گیا ہے - اور کیا ٹریننگ کے لئے ٹیچرز بھیجے گئے ہیں ؟

Dr. Y. S. Parmar: May I know whether any basic school has been opened in Himachal Pradesh, and any teachers sent for receiving training?

آنریبل مولانا ابوالکلام آزاد : نہیں - جہاں تک مجھے معلوم ہوا ہے ابھی تک وہاں یہ کام اس نہج پر شروع نہیں ہوا ہے -

The Honourable Maulana Abul Kalam Azad: No, as far as I am aware this work has not as yet been taken up there on these lines.

श्री मोटूरि सत्यनारायन : क्या मैं दरियाफ्त कर सकता हूं कि इस बात की जरूरत को महसूस करते हुए कि बुनियादी तालीम बहुत जरूरी है, ऊंची तालीम के लिये जो रुपया खर्च किया जा रहा है वह बुनियादी तालीम में खर्च किया जाय ?

Shri Moturi Satyanarayana: May I know that considering the importance of basic education, the money being spent upon higher education should be spent towards basic education?

Mr. Speaker: Order, order. This is a suggestion for action.

بیگم اعزاز رسول : کیا میں یہ دریافت کر سکتی ہوں کہ کن صوبوں کو سنٹر کی طرف سے امداد ملتی ہے - اور اس امداد کی رقم کس بنا پر مقرر کی گئی ہے ؟

Begum Aizaz Rasul: May I know which of the Provinces are in receipt of grants from the Centre, and what are the basis on which the amount of these grants has been fixed?

آنریبل مولانا ابوالکلام آزاد : تقریباً تمام صوبوں کو مدد دی جارہی ہے -

The Honourable Maulana Abul Kalam Azad: Grant is being given to almost all the Provinces.

شری دیش بندھو گپتا : کیا یہ امر واقع نہیں ہے کہ دہلی میں جو بیسک تعلیم کے اسکول کھولے گئے ہیں اُن کی ضروریات ایک عرصہ تک مہیا نہیں کی گئیں نہیں نہیں اِس وقت بھی ان میں اطمینان بخش کام نہیں ہو رہا ہے ؟

Shri Deshbandhu Gupta: Is it not a fact that the requirements of the basic schools opened in Delhi were not met with for a long time and even at present these are not working satisfactorily?

آنریبل مولانا ابوالکلام آزاد : بہت سی دقتیں پیش آئی تھیں جنکے بہت سے اسباب تھے - پوری کوشش کی جارہی ہے کہ ان کو جلدی سے جلدی دور کیا جائے -

The Honourable Maulana Abul Kalam Azad: Many difficulties were felt which were the outcome of various reasons. Every effort is being made to remove these as early as possible.

सेठ गोविन्द दास : बुनियादी तालीम के मुताल्लिक क्या इस बात का भ सरकार ख्याल रखने की कोशिश करेगी कि सब प्रान्तों में यह बुनियादी तालीम एक सी हो और इस मामले में प्रान्तों की भी राय ले ली जाय ?

Seth Govind Das: Will Government also try to keep it in view that this basic education is made uniform in all the Provinces and that the opinion of the Provinces should also be obtained in this respect?

آنریبل مولانا ابوالکلام آزاد : اسی طریق پر کام ہو رہا ہے -

The Honourable Maulana Abul Kalam Azad: Action is being taken on these very lines.

Shri Kishorimohan Tripathi: May I know from the Honourable Minister the total number of schools opened in the different provinces and the amount of money spent towards them?

آنریبل مولانا ابوالکلام آزاد : نوٹس کی ضرورت ہے -

The Honourable Maulana Abul Kalam Azad: I would require notice.

Shrimati Dakshayani Velayudhan: How many candidates trained in basic education are unemployed at present?

آنریبل مولانا ابوالکلام آزاد : اس کے لئے نوٹس کی ضرورت ہے -

The Honourable Maulana Abul Kalam Azad: I would require notice for that.

श्रीमती जी दुर्गा बाई : जनाब, क्या मैं यह जान सकती हूं कि इस गवर्नमेंट के द्वारा कस्तुरबा ट्रस्ट के अख्तियार में जितने बेसिक स्कूल खोले गए हैं उनको कुछ ग्रांट मिलती है या नहीं और अगर नहीं मिलती हे तो देने की कृपा करेगी ?

Shrimati G. Durgabai: Sir, May I know whether any grant is being given by this Government to all the basic schools opened under the auspices of the Kasturba Trust, and if not, will it consider over the matter?

Mr. Speaker: Order, order This is a suggestion for action.

Dr. P. S. Deshmukh: May I know if there were any experiments carried on with regard to the suitability of the basic education in any part of India; if so, what where those places and with what success were the experiments carried out?

آنریبل مولانا ابوالکلام آزاد : میں سمجھتا ہوں کہ معاملہ اس اسٹیج سے گذر چکا ہے اس وقت یہ اکسپیریمنٹ نہیں ہے بلکہ یہ مان لیا گیا ہے کہ بیسک ایجوکیشن کو تمام ملک میں آگے بڑھانا چاہئے –

The Honourable Maulana Abul Kalam Azad: I think the matter has passed this stage. At present this is no longer an experiment. On the contrary it has been admitted that basic education should be developed further throughout the whole of the country.

Mr. Speaker: I am proceeding to the next question.

EFFECTS OF PROHIBITION ON HEALTH

***455. Shri V. C. Kesava Rao:** Will the Honourable Minister of Health be pleased to state what are the diseases which are less prevalent due to the introduction of prohibition?

The Honourable Rajkumari Amrit Kaur: It is not possible at present to give any definite opinion regarding the effects of prohibition on health in areas where it has been introduced.

Shri M. Tirumala Rao: Is there any proposal with the Ministry of Health to watch the effects of prohibition on public health and gather some official statistics about them?

The Honourable Rajkumari Amrit Kaur: The Ministry of Health has asked the provinces where prohibition has been introduced to undertake scientific surveys in regard to the effects on the health of the population.

Shri L. Krishnaswami Bharathi: Has the attention of the Minister of Health been drawn to the book by Dr. H. C. Mookerjee regarding the effects of prohibition from the health point of view?

Mr. Speaker: That is not a question.

Mr. Homi Mody: Is the Honourable Minister in a position to state whether the health of the people has suffered through prohibition?

Mr. Frank Anthony: Is it a fact that recent official statistics in the U.P. show that, since the introduction of prohibition, the consumption of drugs and the incidence of crime have increased?

The Honourable Rajkumari Amrit Kaur: Government have no information on that point.

Shri Deshbandhu Gupta: May I know what is the policy of the Central Government with regard to prohibition in Delhi?

The Honourable Rajkumari Amrit Kaur: Government have not farmed any policy with regard to prohibition in Delhi so far.

Shri Deshbandhu Gupta: Is it not a fact that in the last week a proposal has been accepted that liquor licence may be given to Coffee House in New Delhi?

Mr. Speaker: He is giving information, not obtaining information.

Pandit Mukut Bihari Lal Bhargava: To what extent has prohibition been introduced in Delhi and Ajmer?

The Honourable Rajkumari Amrit Kaur: Prohibition has not been introduced in the Centrally Administered Areas.

Shri L. Krishnaswami Bharathi: Have Government received any information from the Madras Government, where there is total prohibition, regarding the success of prohibition from the health point of view?

The Honourable Rajkumari Amrit Kaur: No reports have been received from Madras.

Shri L. Krishnaswami Bharathi: Will the Honourable Minister call for them? It is a very important matter.

Mr. Speaker: It may be very important, but honourable members are not asking for information. They are either making suggestions or arguing. Questions are to be put for the purpose of getting information and what I notice is that it seems, as it were, that rules about questions have to be suspended by me in respect of supplementary questions. I am not prepared to do that. Members will kindly see that they put questions for obtaining information and not for making suggestions or just for argument. They must ask for information only.

Shri L. Krishnaswami Bharathi: May I submit that this is asking for information. . . .

Mr. Speaker: I do not want to enter into any argument. I know the ingenuity of people, who put questions will turn anything into questions. The substance is that information has to be asked for: otherwise I find, in the long list of questions which are put, instead of obtaining the information and reaching the end of the whole list, only a few questions are touched and most of the time is taken either in comments, arguments or suggestions. That defeats the very object of the question hour.

Shri L. Krishnaswami Bharathi: This is valuable information from the point of view of the House: because in Madras. . . .

Mr. Speaker: He may put in a question.

PRIMARY EDUCATION IN DELHI AND AJMER-MERWARA

†*456. **Pandit Mukut Bihari Lal Bhargava:** (a) Will the Honourable Minister of Education be pleased to state the approximate number of boys and girls between the ages of 5 and 14 in the Provinces of Delhi and Ajmer-Merwara?

(b) What is the approximate number of boys and girls of the above age group receiving education in the various institutions in these areas?

(c) Has any primary education expansion scheme been prepared for these Provinces and if so, by which year will Government be able to arrange for primary education of all such boys and girls?

(d) Have Government any intention to introduce free and compulsory primary education in these areas and if so, by what time and in what stages?

(e) Do Government intend to introduce legislation for the purpose, and if so, when and if not, why not?

The Honourable Maulana Abul Kalam Azad: (a) On account of influx of the refugees it is not possible to give accurate figures pending the undertaking of fresh census.

(b) Approximately 72,000 in Delhi and 80,000 in Ajmer-Merwara.

(c) Yes. As regards Delhi Province all pupils of the age group 6-11 in the rural area are scheduled to be in school by the year 1951-52. In Ajmer-Merwara the scheme is to be implemented from July 1949 in certain selected areas. The whole area is proposed to be covered within a period of five years.

(d) The scheme referred to in (c) above aims at giving free and compulsory basic education by 1951-52 in rural areas of Delhi and by 1954-55 in Ajmer-Merwara.

(e) The Punjab Compulsory Education Act with certain modifications has already been extended to the Delhi Province. Similar steps are proposed to be taken for Ajmer-Merwara in the course.

†Answer to this question laid on the table, the questioner having exhausted his quota.

REVISION OF BLACK LIST MAINTAINED BY GOVERNMENT

*457. **Giani Gurmukh Singh Musafir:** (a) Will the Honourable Minister of Home Affairs be pleased to state how many persons were there on the black list—debarring their entry into Government services because of their political activities—on the 15th August, 1947?

(b) Has that list been revised in order to get congressmen struck off from that list? How many names have been struck off so far?

The Honourable Sardar Vallabhbhai Patel: (a) About 461.

(b) Yes. 308.

RESETTLEMENT OF DEMOBILISED MEDICAL PERSONNEL

*458. **Dr. V. Subramaniam:** (a) Will the Honourable Minister of Health be pleased to state whether it is a fact that a large number of demobilised doctors, auxiliary medical men, midwives, and nurses are still to be resettled?

(b) If so, what are the latest figures?

The Honourable Rajkumari Amrit Kaur: (a) Yes.

(b) A statement containing the information is laid on the table of the House.

STATEMENT

Ex-service personnel who have applied to their Provincial/State Medical Employment Bureau for employment and who are still to be resettled

Category of personnel	*Number still to be resettled*
Medical officers	1032
Nursing personnel	39
Nursing Oderlies of the I. A. M. C., Male Nurses of various categories and Technicians	3061
TOTAL	4732

Shri H. V. Kamath: How many doctors belonging formerly to the I.N.A. have been absorbed in Government service?

The Honourable Rajkumari Amrit Kaur: I would have to have notice of that question. The statement tells how many are still unemployed.

Pandit Lakshmi Kanta Maitra: Is there any ban on these I.N.A. doctors being absorbed in Government service?

The Honourable Rajkumari Amrit Kaur: There is no ban so far as I am aware.

Dr. V. Subramaniam: How many of these demobilized doctors have been given higher training?

The Honourable Rajkumari Amrit Kaur: I could not tell you the number without notice.

NUTRITIVE VALUE OF BETEL LEAVES, BETEL NUTS AND LIME

*459. **Dr. V. Subramaniam:** (a) Will the Honourable Minister of Health be pleased to refer to the answers to supplementaries raised on starred question No. 893, asked on the 19th March, 1948 and state whether any research regarding the nutritive value of betel leaves, nuts and "choona" (calcium carbonate) has been made as promised by Government?

(b) If not, do Government propose to look into the matter?

The Honourable Rajkumari Amrit Kaur: (a) and (b). An investigation was undertaken by the Indian Research Fund Association about nine years ago

regarding the supply of calcium to the human body by chewing betel leaves and lime and it was found that a certain amount of calcium taken in this form is assimilated by the human body. Information regarding this investigation will be found at page 43-44 of the Report of the Scientific Advisory Board of the Indian Research Fund Association for the year 1940 a copy of which is available in the library of the House. It is not considered necessary to have any further investigation in the matter.

Prof. N. G. Ranga: What about betel leaves and nuts? They are of nutritive value too.

Mr. Speaker: I could not follow the question.

Prof. N. G. Ranga: This question relates not only to calcium but to the nutritive value of betel leaves and nuts. There is no information about that.

Mr. Speaker: That question need not be answered.

Shri H. V. Kamath: Is there any evidence to show that the chewing of *pan* and *supari* predisposes the human system to dyspepsia and hyper-acidity?

Mr. Speaker: Order, order.

Dr. P. S. Deshmukh: What was the sum total of the advice received by the Honourable Minister so far as the chewing of these *pans* and betel nuts was concerned?

Mr. Speaker: Order, order.

Beggars in Centrally Administered Areas

*460. **Srijut Kuladhar Chaliha** (a) Will the Honourable Minister of Health be pleased to state the number of beggars in the Province of Delhi and other Centrally Administered Areas?

(b) Do Government propose to undertake necessary legislation to put them in poor asylums in different places and to make begging penal except for *Sadhus* and *Darveshes*?

The Honourable Rajkumari Amrit Kaur: (a) Information regarding the number of beggars in the Centrally Administered Areas is not available.

(b) In Delhi and Ajmer-Merwara begging is an offence under the Municipal Law. It is reported that in the other Centrally Administered Areas begging is not a serious problem. Government do not at present propose to undertake any further legislation in this respect.

India's Membership of International Monetary Fund

*461. **Shri K. Hanumanthaiya:** (a) Will the Honourable Minister of Finance be pleased to state whether India has become a member of the International Monetary Fund?

(b) If so, what is the quota fixed for India to pay into the Fund?

(c) Has the quota been fully paid up?

(d) What benefits have been, so far, derived by India by such membership?

The Honourable Dr. John Matthai: (a) to (d). I would draw the honourable member's attention to the statement I made in the House on this subject on 1st February, 1949.

Shri K. Hanumanthaiya: When was this agreement arrived at with the International Monetary Fund?

The Honourable Dr. John Matthai: I think in 1946.

Shri K. Hanumanthaiya: Is Government satisfied with its quota?

The Honourable Dr. John Matthai: It is not a question of the Government being satisfied with the quota. The distribution of the quota was done on a basis which was accepted by all the countries who are members of the International Monetary Fund.

Shri K. Hanumanthaiya: Is it true that the agreement was entered into with the reservation that the quota may be increased later?

The Honourable Dr. John Matthai: I would like notice of that question.

Prof. N. G. Ranga: So far as part (d) is concerned, the earlier answer never covered it.

Mr. Speaker: What benefits have been derived from such membership?

The Honourable Dr. John Matthai: The benefit is that at present in order to meet our requirements of dollar exchange, we are drawing upon the International Monetary Fund, which we are able to do because of the fact that we are members of it.

Shri M. Ananthasayanam Ayyangar: May I ask the Honourable Minister if a permanent seat has been given to India in the Fund's directorate?

The Honourable Dr. John Matthai: Yes.

Shri Mahavir Tyagi: To what extent have we drawn from this Fund?

The Honourable Dr. John Matthai: I think I gave the figures in my statement. There has been no substantial change since then.

Shri K. Hanumanthaiya: Has the Government made any effort after independence to improve the position regarding the quota, voting power and allied questions?

The Honourable Dr. John Matthai: The question of independence does not make any difference to the position of India's relation to the Fund.

Shri K. Hanumanthaiya: It does, because. . . . . .

Mr. Speaker: Order, order.

Shri Mahavir Tyagi: Have they recently applied for any loans?

Mr. Speaker: That also has been dealt with.

The Honourable Dr. John Matthai: We have been drawing on the International Monetary Fund from time to time.

RECOMMENDATIONS OF PRIORITIES COMMITTEE

***462. Prof. N. G. Ranga:** Will the Honourable Minister of Finance be pleased to state:

(a) the principal recommendations of the Priorities Committee;

(b) what developmental schemes are unaffected and which have had to be postponed or abandoned as a result of its recommendations for this year as well as next year; and

(c) whether any of the irrigation and flood control schemes that Government intended to take up during this year and next year are being abandoned or postponed as a result of its recommendations?

The Honourable Dr. John Matthai: (a) The principal recommendations of the Priorities Committee were that the amount available to Central Government Ministries for Developmental and allied schemes included in the budget for 1948-49 and the grants and loans available to the Provinces for the same purpose in 1948-49 should be substantially reduced and that provisions on a reduced scale be made for 1949-50 as well.

(b) No developmental schemes are being abandoned but suitable adjustments are being made in the speed of implementation of the projects.

(c) No.

Dr. Bakhshi Tek Chand: Is the Government of India making any grant or loan to the East Punjab Government for the construction of the new capital in the current year or next year?

The Honourable Dr. John Matthai: That matter is still under examination.

Pandit Lakshmi Kanta Maitra: Has Government fixed its commitment under this head?

The Honourable Dr. John Matthai: A certain formula has been laid down with regard to the distribution of grants to the provinces, and on that basis certain allocations have been made.

Shri M. Tirumala Rao: With regard (b) what priority does the Ramapadasagar scheme get?

Mr. Speaker: That matter has been dealt with more than once and quite thoroughly.

Shri M. Tirumala Rao: Is the Honourable Minister prepared to give a reply?

Mr. Speaker: I am not prepared to allow repetitions.

Pandit Lakshmi Kanta Maitra: Is he prepared to give figures of the exact percentage of the funds that is being spent as a result of these priorities?

The Honourable Dr. John Matthai: I think that question could more conveniently be raised in the course of the discussion of the Budget.

Defence of East Coast of India against Naval Attacks

*463. **Shri Lakshminarayan Sahu:** Will the Honourable Minister of Defence be pleased to state what measures have been taken to defend the East Coast of India specially the Orissa Coast against naval attack?

The Honourable Sardar Baldev Singh: The Naval defence of Orissa is part and parcel of the defence measures for the entire East Coast. It would not be in the public interest to disclose details.

Cases decided by Income-tax Investigation Commission

*464 **Shri Lakshminarayan Sahu:** (a) Will the Honourable Minister of Finance be pleased to state how many cases have been decided by now by the Income-tax Investigation Commission?

(b) What is the total amount of Income-tax received so far as a result of the Investigation?

(c) What is the total expenditure incurred so far on this investigation?

The Honourable Dr. John Matthai: (a) Four cases.

(b) As required by the Act, the report of the Commission is under the consideration of Government. Until this is completed, the amount of tax due cannot be ascertained. The Government will in due course pass orders thereon directing the Income Tax Authorities to take steps for the assessments and recovery of tax payable on the concealed amounts.

(c) The total expenditure so far incurred is Rs. 4,05,593.

Shri M. Ananthasayanam Ayyangar: Does the report confine itself to cases pending enquiry before them or does it also address itself to the general consideration of improving or amending the Income-tax Act?

The Honourable Dr. John Matthai: Well, the Income-tax Investigation Commission has prepared a report on that question also.

Shri M. Ananthasayanam Ayyangar: Will it be convenient for the Government to place in the hands of the members of the House that portion of the report relating to amendment of the Income-tax Act?

The Honourable Dr. John Matthai: I will consider the suggestion.

Shri L. Krishnaswami Bharathi: As only four out of the 1000 cases pending have been concluded, are the Government satisfied with the progress and if not, are they taking steps to expedite the matter?

The Honourable Dr. John Matthai: I am absolutely satisfied with the progress of the work. In fact in my budget speech, I propose to give the House a resume of the work done by the Investigation Commission so far.

Shri S. V. Krishnamoorthy Rao: How many persons does the Commission consist of?

The Honourable Dr. John Matthai: Three.

Dr. P. S. Deshmukh: What is the total number of cases pending?

The Honourable Dr. John Matthai: I gave the answer in reply to a question before.

Dr. P. S. Deshmukh: Is there any proposal to increase the number?

The Honourable Dr. John Matthai: Not as far as I am aware.

USE OF WORDS "ON HIS MAJESTY'S SERVICE"

†***465. Shri S. Nagappa:** (a) Will the Honourable Minister of Home Affairs be pleased to state whether it is necessary even now to use the words "On His Majesty's Service"?

(b) If so, far how long will this be in practice?

(c) What are the reasons for continuing to use it?

(d) If the answer to part (a) be in the negative, has any alternative been decided upon?

The Honourable Sardar Vallabhbhai Patel: (a) to (d). Government have issued instructions that the inscription "O.H.M.S." should be replaced by "On India Government Service". This will come into force when the existing stock of envelopes with the inscription "O.H.M.S." is exhausted.

REVIVAL OF SANSKRIT LEARNING

†***466. Lala Raj Kanwar:** (a) Will the Honourable Minister of Education be pleased to state whether any institution for the study of Sanskrit receives financial assistance from the Government of India? If so, which and what is the amount of financial assistance?

(b) Do Government propose to take any special steps to promote the revival of Sanskrit learning?

The Honourable Maulana Abul Kalam Azad: (a) The Government of India are giving grants to the following four institutions:

(1) Bhandarkar Oriental Institute, Poona—Rs. 11,000.

(2) Prachyavani (Institute of Oriental Learning), Calcutta—Rs. 1,000.

(3) Deccan College—Post graduate and Research Institute, Poona—Rs. 8,000.

(4) Dharamkosha Mandal, Wai (Sitara)—Rs. 2,000.

The Government of India also propose to give a grant of Rs. 25,000 to the Gurukul University, Kangri.

(b) The Government of India realise the importance of the study of Sanskrit both from the historical and the cultural points of view. The Government of India have set up a University Commission which will, among other things,

†Answer to this question laid on the table, the questioner being absent.

also consider the question of Sanskrit studies at the University stage. Government will take necessary action in the matter after the report has been received and examined.

Administration of Cutch State

*467. **Prof. K. T. Shah:** (a) Will the Honourable Minister of States be pleased to state what arrangements have been made for the administration of the State of Cutch?

(b) How are the Chief and other Administrative Officers selected for that Administration?

(c) Have any arrangements been made to allow an effective voice to the people of the State in the governance of that area?

The Honourable Sardar Vallabhbhai Patel: (a) The Administration of the State of Cutch has been taken over by the Central Government.

(b) The Chief Commissioner and Judicial Commissioner are appointed by the Central Government. Other officers are appointed by the Chief Commissioner or by other appointing authorities, subordinate to the Chief Commissioner, with the approval of the Central Government, where necessary. Under the agreement with the Ruler, such of the former permanent Cutch State servants as are properly qualified are being continued.

(c) An Advisory Council is being constituted for Cutch.

Prof. K. T. Shah: Is it a fact that the Chief Commissioner was once a member of the Indian Civil Service, and had been dealt with by the higher authorities in a disciplinary manner?

The Honourable Sardar Vallabhbhai Patel: Yes, Sir. But the disciplinary action was taken many years ago and the Government of the Province in which he was serving has revised that order.

Prof. K. T. Shah: May I enquire, if the disciplinary action amounted to dismissal, and, if so, during the many years he was out of employ, whether he has done anything by way of expiation of the offence?

The Honourable Sardar Vallabhbhai Patel: As I said, the order has been revised by the provincial Government concerned.

Prof. K. T. Shah: Do I understand that he has therefore been excused?

Mr. Speaker: That is a matter of inference.

Shri H. V. Kamath: What were the charges on which he was first removed from service and what were the grounds on which the order was revised?

The Honourable Sardar Vallabhbhai Patel: I do not know. It is the Provincial Government's order.

Prof. K. T. Shah: Has the Advisory Council mentioned by the Honourable Minister begun to function already, or is it likely to go into function before the end of the fiscal year?

The Honourable Sardar Vallabhbhai Patel: It will function before the end of the year.

Future of Cutch State

*468. **Prof. K. T. Shah:** Will the Honourable Minister of States be pleased to state:

(a) whether the State of Cutch will be maintained as a Centrally Administered area or whether it will be merged with any adjoining Union of States or Province; and

(b) whether any steps are or will be taken to set up any representative legislature for the State of Cutch?

The Honourable Sardar Vallabhbhai Patel: (a) Cutch is governed as a Centrally Administered area and the present intention of Government is that this arrangement should continue for the time being.

(b) A representative Advisory Council is being constituted for Cutch.

SETTLEMENT OF REFUGEES IN ANDAMAN AND NICOBAR ISLANDS

*469. **Prof. N. G. Ranga:** Will the Honourable Minister of Home Affairs be pleased to state:

(a) whether Government have decided to settle refugees in the Andaman and Nicobar Islands;

(b) if so, how many have been sent and how many are proposed to be sent;

(c) whether any expert survey has been made of the agricultural and industrial potential of the Islands;

(d) whether Government are aware of the scarcity of drinking water on the islands;

(e) what arrangements (sanitary, public health, food supplies, etc.) are being made to provide social amenities for the new settlers;

(f) what financial or other assistance is proposed to be given to the new settlers; and

(g) how many old settlers there are on the Islands and what facilities are being provided for them by way of allotment of land, giving of credit and introduction of sanitary and public health measures?

The Honourable Sardar Vallabhbhai Patel: (a), (b), (e) and (f). Government consider that an expert examination is necessary before any scheme of colonisation and development can be considered. Steps have been taken already to send out an expert party to the Islands and Government will examine the whole question after the report of this party has been received. In the meanwhile arrangements are being made for a small number of refugees to be settled on lands that are already vacant in the settled area.

(c) Agricultural, Salt, Horticulture and Fisheries Surveys have been carried out.

(d) No.

(g) The number of old settlers in the Andamans is estimated to be about 12,000. There are no old settlers in the Nicobars.

The land is allotted in accordance with the provisions of the Andaman and Nicobar Islands Land Tenure Regulations. In the first instance land is given on non-occupancy right and the occupancy right which is transferable, accrues after five years of cultivation. Facilities for *taqavi* loans are available.

There are four hospitals and five dispensaries in the Andaman and Nicobar Islands and a Public Health Officer has been appointed to look after the health of the people.

Shri Brajeshwar Prasad: May I know the total number of aboriginals in the Andamans?

The Honourable Sardar Vallabhbhai Patel: About 4,000.

Shri Upendranath Barman: May I know the number of people that have been already sent or are proposed to be sent in the near future?

The Honourable Sardar Vallabhbhai Patel: It is not possible for me to say how many will be sent. A very small number it is proposed to send in the first instance.

Shri Brajeshwar Prasad: What is the total number of the islands of Andamans and Nicobars?

The Honourable Sardar Vallabhbhai Patel: Andamans and Nicobars are two, islands.

Shri H. V. Kamath: Is there any proposal before the Honourable Minister to utilise the Andaman and Nicobar islands as a naval base?

The Honourable Sardar Vallabhbhai Patel: At present there is no such proposal. If there is any such proposal it will be with the Defence Department. I am not aware of it.

Shri H. V. Kamath: Is there any proposal to change the names of these islands?

Mr. Speaker: That does not arise out of this question.

MAGAZINES PUBLISHED IN ENGLISH AND INDIAN LANGUAGES

†*470. **Dr. Raghu Vira:** (a) Will the Honourable Minister of Information and Broadcasting be pleased to state what magazines are being published in English, Hindi, Urdu and other Indian languages by Government's Publicity Department?

(b) What is the amount spent on the Hindi and Urdu magazines respectively?

(c) What is the number of subscribers for the Hindi and Urdu magazines respectively?

(d) What is the number of copies circulated free?

The Honourable Shri R. R. Diwakar: (a) to (d). Two statements are laid on the table of the House.

STATEMENT I

Magazines published in English and various Indian languages

S.No.	Language	Name of magazine
1.	English	‡1. Indian Listener
		2. Indian Information
		3. March of India
		4. New India
		5. Foreign Review
		6. I. & S. Bulletin
2.	Hindi	‡1. Sarang
		2. Bharatiya Samachar
		3. Ajkal
		4. Vishwa Darshan
		5. Bal Bharati
3.	Urdu	‡1. Awaz
		2. Markazi Ittelaat
		3. Ajkal
		4. Bisat-i-Alam
		5. Nau Nihal
4.	Bengali	‡Betar Jagat
5.	Tamil	‡Vanoli
6.	Gujarati	‡Nabhovani

†Answer to this question laid on the table, the questioner being absent.

‡These are programme journals published by All India Radio.

STATEMENT II

Amount spent on Hindi and Urdu Magazines during 1948-49 and their circulation.

Amount spent	Number of subscribers	Number of copies circulated free
	Rs.	
Hindi Magazines	3,87,511	22,620 †*11,253
Urdu Magazines	2,29,551	10,786 ‡7,005

†*Includes 9,900 copies of *Bharatiya Samachar* which is meant for free distribution only.

‡This includes 5,600 copies of *Markazi Ittelaat* which is meant for free distribution only.

CONFIRMATION OF STAFF OF GOVERNMENT OPIUM FACTORY, NEEMUCH

*471. **Shri Sita Ram S. Jajoo:** (a) Will the Honourable Minister of Finance be pleased to state whether it is a fact that most of the staff of the Government Opium Factory at Neemuch is on temporary basis, though they have been serving there for more than a decade?

(b) If so, what is the policy of Government regarding their confirmation?

The Honourable Dr. John Matthai: (a) Yes.

(b) The future of the Neemuch Opium Factory is under consideration and till a decision is reached on the matter, it will not be possible to confirm the temporary staff.

ADMINISTRATION OF INTEGRATED C.P. STATES

*472. **Shri R. L. Malviya:** (a) Will the Honourable Minister of States be pleased to state whether Government have issued any directions to the Government of the Central Provinces and Berar with regard to the governance of the integrated Central Provinces States?

(b) If so, what are the contents of those directions?

The Honourable Sardar Vallabhbhai Patel: (a) The honourable member is presumably referring to the directions to be issued under section 290A of the Government of India Act. Orders under that section are being drafted in consultation with the Provincial Government.

(b) Does not arise.

Shri R. L. Malviya: May I know how long it will take to draft the order?

The Honourable Sardar Vallabhbhai Patel: Well, it is difficult to say how long. But we shall try to expedite it.

Shri R. L. Malviya: Will the representatives of the Chattisgarh States be consulted?

The Honourable Sardar Vallabhbhai Patel: I do not think it is necessary in respect of drafting the order.

Mr. Speaker: The question hour is over.

(*b*) WRITTEN ANSWERS

EXPENDITURE OF CASH FOUND IN TREASURIES OF MARGED C. P. STATES

*473. **Shri R. L. Malviya:** (a) Will the Honourable Minister of States be pleased to state whether at the time of the agreement for merger of the Central Provinces States with the Central Provinces any understanding was arrived at between the Government of India and the Rulers of the States, more particularly with the Ruler of Korea, that the cash found in the treasuries of the States and more particularly in Korea, would be spent for development in the respective States?

(b) What was the total amount found in the treasuries of the States at the time of taking over charge?

The Honourable Sardar Vallabhbhai Patel: (a) It was agreed at the time of merger that the accumulated balances of the States should, as far as possible, be spent on the welfare of the States people concerned. No assurance however was given to the Ruler of Korea in particular.

(b) I invite the attention of the honourable member to my reply to Shri Kishorimohan Tripathi's question No. 250 answered on the 9th February 1949. The information is still awaited.

VISIT OF *Reuters* MISSION TO INDIA

***474. Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Information and Broadcasting be pleased to state whether it is a fact that a mission called the '*Reuters* Mission' is coming to India?

(b) If so, what is the purpose of the mission?

(c) Have Government anything to do with this mission and if so, what?

The Honourable Shri R. R. Diwakar: (a) and (b). Government have no information about the mission, but understand that it is in connection with an agreement which has been reached between *Reuters* and the Press Trust of India.

(c) No.

PRESS TRUST OF INDIA, LIMITED

***475. Dr. P. S. Deshmukh:** (a) Will the Honourable Minister of Information and Broadcasting be pleased to state the dates on which the Press Trust of India, Limited was formed and registered?

(b) Who are its promoters and directors?

(c) How is the Trust financed and by whom?

(d) Have Government contributed anything and if so, how much?

(e) Have Government agreed to grant any concessions and privileges to this Trust?

(f) Have the Trust appointed any Managing Agents or Directors and if so, who are they?

The Honourable Shri R. R. Diwakar: (a) August 27, 1947, according to the Memorandum of the Association filed by the Company.

(b) and (c). The information is contained in the Memorandum of Association of the Press Trust of India Limited.

(d) and (e). No.

(f) Government have no information.

REPORT OF REVIEWING COMMITTEE OF INDIAN SCIENCE INSTITUTE, BANGALORE

***476. Dr. P. S. Deshmukh:** Will the Honourable Minister of Education be pleased to state:

(a) whether Government have received the report of the Reviewing Committee of the Indian Science Institute, Bangalore;

(b) if so, whether Government have taken any decision on the recommendation of the committee;

(c) what these decisions are;

(d) who the members of the Reviewing Committee were; and

(e) whether Government propose to place a copy of the report on the table of the House?

The Honourable Maulana Abul Kalam Azad: (a) The report has been submitted to His Excellency the Governor-General in his capacity as the Visitor of the Institute.

(b) No.

(c) Does not arise.

(d) (1) Sir Alfred Egerton, Secretary, Royal Society, London—Chairman.

(2) Sir Ben Lockspeiser, Chief Scientist, Ministry of Supply, London and
(3) Dr. J. N. Mukherjee, Director of Indian Agricultural Research Institute, New Delhi } Members

(e) A copy of the Report will be placed on the table of the House, if so desired, after it is published.

SETTLEMENT OF REFUGEES IN ANDAMAN AND NICOBAR ISLANDS AND

***477. Shri O. V. Alagesan:** (a) Will the Honourable Minister of Home Affairs be pleased to state whether the delegation sent to the Andamans to investigate the possibility of settling the refugees in the Andaman and Nicobar Islands have submitted their report to Government?

(b) If so, what steps have been taken by Government for implementing the recommendations contained in the report?

The Honourable Sardar Vallabhbhai Patel: (a) Yes.

(b) I would refer the honourable member to the reply given by me to-day to parts (a), (b), (e) and (f) of starred question No. 469.

CIVIL AND MILITARY STORES SUPPLIED TO GOVERNMENT OF JAMMU AND KASHMIR

***478. Prof. K. T. Shah:** (a) Will the Honourable Minister of States be pleased to state what is the value of the Civil or Military Stores supplied to the Government of Jammu and Kashmir?

(b) Were any tenders invited for the supply of such stores and other requirements of the Government of Jammu and Kashmir sent from this country?

(c) Has any payment been made by the State Government for any such stores supplied by the Government of India?

(d) What measures, if any are adopted to recover the amount outstanding on account of stores supplied to the Government of Jammu and Kashmir?

The Honourable Sardar Vallabhbhai Patel: (a) Civil Stores of the value of about Rs. 1,24,78,500 have been supplied by the Government of India to the Jammu and Kashmir Government. Small quantities of Military Stores have been supplied for which payment was recovered directly by the Military authorities.

(b) In some cases tenders were called for. In others orders were placed on approved firms at the approved rates against existing rate contracts, or were supplied from Disposals. Occasionally, when the demands were very urgent

either direct purchases were made, or supplies were arranged from Government of India stocks.

(c) and (d). Of this amount, Rs. 7,62,600 is the cost of stores supplied on "Aid to Kashmir" which is to be treated as a loan to the State. Of the balance of Rs. 1,17,05,900, including supplies of foodgrains and salt, Rs. 19,42,100 has been recovered from the State and the remainder is in the process of recovery.

SHORT NOTICE QUESTION AND ANSWER

Border Raids from Pakistan in Jodhpur State

Ch. Ranbir Singh: (a) Will the Honourable Minister of States be pleased to state whether Government are aware of the fact that during the last fortnight two *kisans* have been murdered and nine hamlets in village 'Chirduri' Tehsil 'Bilara', the whole village of 'Bhadwase' of Tehsil 'Merta' and some 'Dhanies' of village 'Derasae' of Jodhpur State on the Pakistan border have been looted and burnt?

(b) If the answer to part (a) above is in the affirmative, what steps Government propose to take to check such incidents?

The Honourable Sardar Vallabhbhai Patel: (a) The question implies that these alleged incidents are in the nature of border raids. This is not so. The Jodhpur Government have informed the Government of India that on the 7th February one Kalyan Singh along with other dacoits murdered two Raikas (shepherds) in village Chirduri and burnt their 'Dhanies'. This is believed to be the outcome of a private feud. The Jodhpur Police have so far not been able to trace the murderers though efforts to apprehend them are being continued. No dacoity was committed and the accused did not take away any property belonging to the Raikas. On the 8th February a dacoity was committed in village Bhadwai when fifteen houses were looted. Information of the occurrence was received by the Jodhpur Police 24 hours after the occurrence and it is suspected that a gang of bad characters of Marwar and Bikaner State is responsible for this. Special police parties have been deputed for the apprehension of the accused. As regards the third incident information received by the police that six armed dacoits were looting the 'Dhani' of one villager was found on investigation to be highly exaggerated. It was not a case of dacoity and the complaint was the outcome of illfeeling between two parties in the locality.

(b) Does not arise.

Thursday
17th February, 1949

THE CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART II –PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS)

Official Report

70

Volume I, 1949

(1st February, 1949 to 23rd February, 1949)

Fourth Session
OF THE
CONSTITUENT ASSEMBLY OF INDIA
(LEGISLATIVE)
1949

सत्यमेव जयते

CONTENTS

Volume I.—1st February, 1949 to 23rd February, 1949.

	PAGES
TUESDAY, 1ST FEBRUARY, 1949—	
Deaths of Dr. Tej Bahadur Sapru, Mr. Akbar Hydari, Shri G.A. Natesan, Mr. M. Shafi Daudi, Mr. Vellingiri Gounder and Mr. Abdul Matin Chaudhuri.	1—3
H.E. the Governor General's Assent to Bills	3
Statement re Loans from International Monetary Fund	4—6
Papers laid on the Table	6—24
Public Companies (Limitation of Dividends) Bill—Introduced	24
Tea Committee for India Bill—Introduced	24
Indian Emigration (Amendment) Bill—Introduced	24
Seaward Artillery Practice Bill—Introduced	24
Mangrol and Manavadar (Administration of Property) Bill—Introduced	24
United Provinces Provincial Armed Constabulary (Extension of Laws) Bill—Introduced.	25
Protective Duties (Amendment) Bill—Introduced	25
Banking Companies Bill—Presentation of Report of Select Committee	25
Ajmer-Merwara Tenancy and Land Records Bill—Extension of time for presentation of Report of Select Committee..	25
Chartered Accountants Bill—Referred to Select Committee	25—27
Payment of Taxes (Transfer of Property) Bill—Referred to Select Committee	27—56
Indian Tariff (Second Amendment) Bill—Discussion on motion to consider—not concluded.	56—65
WEDNESDAY, 2ND FEBRUARY, 1949—	
Statement on Disturbances in Durban, South Africa	67—69
Indian Tariff (Second Amendment) Bill—Passed as amended	69—97
Public Companies (Limitation of Dividends) Bill—Discussion on motions to consider and to refer to Select Committee—not concluded.	97—106
THURSDAY, 3RD FEBRUARY, 1949—	
Committee to examine rules of Procedure and Conduct of Business	107
Resolution re Community-wise Census of Assam, West Bengal and East Punjab—Withdrawn	107—11
Resolution re (i) Failure of Grow More Food Campaign (ii) Serving of Rice in Non-Vegetarian Hotels—Discussion not concluded.	111—53
FRIDAY, 4TH FEBRUARY, 1949—	
Scheduled Securities (Hyderabad) Bill—Introduced	157
Public Debt (Central Government) Amendment Bill—Introduced	157
Estate Duty Billl—Extension of time for Presentation of Report of Select Committee	157—58
Child Marriage Restraint (Amendment) Bill—Extension of time for presentation of Report of Select Committee	158
Resolutions re (i) Failure of Grow More Food Campaign (ii) Serving of Rice in Non-Vegetarian Hotels—Withdrawn	159—209
MONDAY, 7th FEBRUARY, 1949—	
Papers laid on the Table	211—12
Election to National Food and Agriculture Organisation Liaison Committee—Postponed	212—13
Election to Committee on Public Accounts	213—14
Public Companies (Limitation of Dividends) Bill—Referred to Select Committee	214—16

	PAGES
MONDAY, 7TH FEBRUARY, 1949—*contd.*	
Tea Committee for India Bill—Referred to Select Committee	216—27
Mangrol and Manavadar (Administration of Property) Bill—Passed as amended	227—43
United Provinces Provincial Armed Constabulary (Extension of Laws) Bill—Passed.	243—48
Seaward Artillery Practice Bill—Passed as amended	248—58
India Emigration (Amendment) Bill—Passed.	258—60
Protective Duties (Amendment) Bill—Discussion on motion to consider—not concluded	260—62
TUESDAY, 8TH FEBRUARY, 1949—	
Death of Mr. C. N. Muthuranga Mudaliar.	263
Protective Duties (Amendment) Bill—Passed.	263—66
Scheduled Securities (Hyderabad) Bill—Passed	266—73
Public Debt (Central Government) Amendment Bill—Passed	273—75
Banking Companies Bill—Discussion on the motion to consider as reported by Select Committee—not concluded.	275—306
WEDNESDAY, 9TH FEBRUARY, 1949—	
Banking Companies Bill—Discussion on motion to consider as reported by Select Committee—not concluded.	307—45
THURSDAY, 10TH FEBRUARY, 1949—	
Election to Committee on Public Accounts	347
Code of Civil Procedure (Amendment) Bill (Amendment of Section 82)—Introduced	347
Indian Tea Control (Amendment) Bill—Introduced.	347
Payment of Taxes (Transfer of Property) Bill—Presentation of Report of Select Committee	347
Banking Companies Bill—Consideration of clauses—continued	347—87
FRIDAY, 11TH FEBRUARY, 1949—	
Indian Penal Code and the Code of Criminal Procedure (Amendment) Bill—Referred to Select Committee	389—91
Workers' Provident Fund Bill—Circulated	392—95
Prevention of Free or Forced or Compulsory Labour Bill—Circulated	395—407
Indian Judicial Procedure Bill—Referred to Select Committee	408—14
Criminal Tribes (Repeal) Bill—Discussion on motion to consider—Allowed to stand over	414—15
Indian Bar Councils and the Legal Practitioners (Amendment) Bill—Motion to consider—Not moved	415
Motor Vehicles (Amendment) Bill—Motion to consider—Withdrawn	415—19
Hindu Marriages Validity Bill—Referred to Select Committee	419—28
Code of Criminal Procedure (Amendment) Bill (Amendment of Sections 4,29 (A), etc.)—Motion to refer to Select Committee—Not moved	428
Code of Criminal Procedure (Amendment) Bill (Amendment of Section 488)—Passed	429—30
Dentists (Amendment) Bill—Motion to consider—Not Moved	430
Societies Registration (Amendment) Bill—Introduced	430
MONDAY, 14TH FEBRUARY, 1949—	
Papers laid on the Table	431—33
Rubber (Production and Marketing) Amendment Bill—Introduced	434
Banking Companies Bill—Consideration of Clauses—continued	434—75

	Pages
Tuesday, 15th February, 1949—	
Time Table for the day's business.	477
Panel of Chairmen	477
Committee on Petitions.	477
Public Companies (Limitation of Dividends) Bill—Extension of time for presentation of Report of Select Committee	478
Banking Companies Bill—Consideration of clauses—continued	478—513
Presentation of Railway Budget for 1949-50	513—30
Wednesday, 16th February, 1949—	
Papers laid on the Table	531—33
Coal Mines Labour Welfare Fund (Amendment) Bill—Introduced	533
Banking Companies Bill—Consideration of clauses—continued	533—76
Thursday, 17th February, 1949—	
Railways (Transport of Goods) Amendment Bill—Introduced	577
Banking Companies Bill—Passed as amended	577—613
Hindu Code—Point of order on the motion to consider as reported by Select Committee—Ruled out.	614—21
Friday, 18th February, 1949—	
Railway Budget—General Discussion	623—74
Monday, 21st February, 1949—	
Motion for Adjournment re Fast by Prof. Shibban Lal Saksena—Disallowed	675
Death of Shri Kiran Shankar Roy	675
Papers laid on the Table	675
Public Companies (Limitation of Dividends) Bill—Presentation of Report of Select Committee	675
Railway Budget—General Discussion	676—717
Tuesday, 22nd February, 1949—	
Governor General's Salary (Exemption from Taxation) Bill—Introduced	719
Dock Workers (Regulation of Employment) Amendment Bill—Introduced	719
Railway Budget—List of Demands	719—71
Demand No. 1—Railway Board.	720—71
General Corruption on Railways.	720—48
Insufficient Provision of amenities to passengers	748—71
Wednesday, 23rd February, 1949—	
Essential Supplies (Temporary Powers) Amendment Bill—Introduced	773
Railway Budget—List of Demands.	773—820
Demand No. 1—Railway Board	774—820
General Administration with particular reference to Economy.	774—818
Demands Nos. 1—12; 15—19	818—20

CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES.

(PART II—PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS)

Thursday, 17th February, 1949.

The Assembly met in the Assembly Chamber of the Council House at a Quarter to Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

QUESTIONS AND ANSWERS

(See Part I)

11-45 A.M.

RAILWAYS (TRANSPORT OF GOODS) AMENDMENT BILL

The Honourable Shri N. Gopalaswami Ayyangar (Minister for Railways and Transport): I beg to move for leave to introduce a Bill further to amend the Railways (Transport of Goods) Act, 1947.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill further to amend the Railways (Transport of Goods) Act, 1947."

The motion was adopted.

The Honourable Shri N. Gopalaswami Ayyangar: I introduce the Bill.

BANKING COMPANIES BILL—*contd.*

Mr. Speaker: The House will now proceed with the further consideration of the Bill to consolidate and amend the law relating to banking companies, as reported by the Select Committee.

The House was discussing the amendment for the insertion of a new clause 54.

[*At this stage, Mr. Speaker vacated the Chair, which was then occupied by Mr. Deputy Speaker (Shri M. Ananthasayanam Ayyangar.)*]

Shri B. Das (Orissa: General): Before the House adjourned last evening I was opposing the new clause 54 which my honourable friend, the Finance Minister had tabled. I wish I had not been in opposition to him. Somehow, I find myself at variance, because these amendments are nothing but antinational and anti-democratic. I feel that the time has not come to introduce such a measure, which gives such protection to the staff of the Reserve Bank. The Honourable Finance Minister is under an obligation to the House and to the country to amend the Reserve Bank Act properly. When that Reserve Bank amending Bill comes before the House, then the House will be prepared to consider whether such undemocratic protection can be given to the officers of the Reserve Bank.

Sir, I do not like the drafting of this amendment. My honourable friend Srijut Rohini Kumar Chaudhuri had pointed out that the words "Central Government" should be dropped in the amendment. My honourable friend, the Finance Minister has taken his precedent from the Damodar Valley Corporation Act. When my honourable friend, Shri N. V. Gadgil referred that Bill to the Select Committee, I did raise objection in the Select Committee, but I

[Shri B. Das]

then felt it was just to give effect to the practice that we have inherited from the former alien Government and that civil servants should be protected. In fact most of us knew a civilian would be the Chairman of the Damodar Valley Corporation. By taking that as a precedent, the Honourable the Finance Minister should allow this practice to permeate into every new Bill, as he has tabled, is the biggest surprise to me. We passed last year Bills for the Industrial Banking Corporation and the Rehabilitation Banking Corporation. In none of those two Bills such a protecting clause to the staff were given. Why are we in a hurry? That is what the House ought to know. Of course, my honourable friend, the Finance Minister may say that he did not table these two Bills; they were tabled by his predecessor, Shri R. K. Shanmukham Chetty.

I take this opportunity to welcome our friend, Shri R. K. Shanmukham Chetty to this House, and I am glad he is here and I am sure he will help us in coming to decisions on big and important financial and economic questions.

I was referring about the protection which the Central Government is to be given under this new sub-clause. Why should the Central Government need any protection by an Act of this House? It is a Sovereign Government; it has sovereign powers; it can exercise any moment those sovereign powers when the Cabinet, which is ruling over us, decides that certain sovereign powers will be exercised by the Central Government. Clause 57 of the Damodar Valley Corporation says:

"No suit, prosecution or legal proceedings shall lie against any person in the employment of the Corporation for anything which is in good faith done or purported to be done under this Act."

I do not know how within the short space of one year, perhaps due to the legal advisers or the banking advisers my honourable friend, the Finance Minister is enlarging, the words in the proposed draft. The clause now reads:

".....shall lie against the Central Government, the Reserve Bank or any person for anything which is in good faith done or intended to be done in pursuance of this Act."

Perhaps the officials of the Reserve Bank want to protect themselves against all the absurdities they are committing. Unfortunately they have persuaded the Ministry of Finance to include in the draft the words "the Central Government." The Central Government as the sovereign authority, needs no protection under this Bill. I believe many eminent lawyers will argue the point about the Central Bank, the Reserve Bank, etc. I think it is very broad-based. On the whole I think the Ministry of Finance has been ill-advised and there are various points of law involved in this matter.

The question arises why the Bill that was introduced by my honourable friend Shri R. K. Shanmukham Chetty, his predecessor, last year, did not consummate. That Bill was referred to the Select Committee. Perhaps it was drafted by Mr. Liaquat Ali Khan. I do not find a minute of dissent from my honourable friend the Finance Minister that he referred to this matter in the Select Committee. There is no mention that the Honourable the Finance Minister had any intention of giving protection to so many people that have just entered the fold of nationalism. We have nationalised the money and structure of the Reserve Bank and we have handed over full control to my honourable friend over there. We have not nationalised the personnel of the Reserve Bank as yet. My honourable friend protested yesterday; but I do not agree with him that every Reserve Bank official works sincerely, and patriotically to the interest of the community. We have appointed no committee to look into the characteristics of every Reserve Bank official and see that he will suit the national structure of the Reserve Bank.

There is another thing. The Reserve Bank is an apex bank. It will control all banking concerns which are commercially managed. Why should the Reserve Bank officials, the bankers in the Reserve Bank have enjoy special privileges which the banks under my honourable friend Mr. Homi Mody will not have. My honourable friend Prof. K. T. Shah demanded at an earlier stage that all banking officials whether they are in a commercial bank or in the Reserve Bank should have similar privileges and similar status. Why should only the apex bank have these privileges? Apologising again for repetition, I again say that such privileges may be extended to the Imperial Bank officials, who are our public enemy number one, because I do not know what the Ministry of Finance will advise my honourable friend the Minister for Finance. We have transferred the Reserve Bank to the management of the State. That does not mean that it will depart from the principles of commercial management. If my honourable friend who, only before he assumed the Minister's position, was advising one of the biggest industrial concerns in India, says that all the privileges of the Government of India official should be introduced into the commercial concerns managed by Tatas, Birlas or that the employees of all the banks that are functioning in the national interests should claim the privileges as the Honourable the Minister is willing in a mood of benefaction to grant to the employees of the Reserve Bank, he will have to see himself if such a thing would be suitable, to the conditions in India.

My point is my honourable friend will see his way to withdraw his amendment. This can be introduced at a later stage; my honourable friend had no justification in bringing it forward when the Select Committtee had not considered it. I am sorry, Sir, that you are in the Chair. I was anxious to know your views in the matter. There is no better upholder of democracy than you and I am sorry, at present you are confined in that Chair.

These are my views. I will bear my love to the Reserve Bank if it functions well. The Reserve Bank is mine. I will try to nationalise it. They need no protection. If we give protection to the Reserve Bank officials in one way or another, people of shady character will get into the Bank and do away with crores of Rupees. Then, my honourable friend or his successors will plead forgiveness of the House and of the country because, the
12 Noon House made a mistake by accepting the new clause 54. Sir, I oppose.

Pandit Lakshmi Kanta Maitra (West Bengal: General): I am sorry I will have to intervene once again in connection with this amendment even though it involves taking a little more time of my honourable friend the Finance Minister which could be profitably utilised for preparing his budget. With this little apology to him for taking a little of his time, I feel I should associate myself to some extent with what has dropped from my honourable friend Shri B. Das.

I think the House would do well to realise that it is now gradually passing into a sort of fashion with all sponsors of Bills of great magnitude or importance to tag on at the tail end a provision like this. I can well understand the psychology of those who have these important Bills to pass into legislation and who take a very long view, perhaps a far too long view, and try to give in advance all manner of safeguards to those who would be operating the provisions of the law against all possible, I may say, encroachment on their authority. It ought to be realised that the Bill as it is going to be enacted into law, is going to give very wide powers in the hands of the Reserve Bank and through it to the Government of India. I do not grudge it. I feel that in the present economic development of the country, unfortunately the credit organisations in the country have not been moving in the way in which they ought to move for the economic uplift of the country. Therefore, the case for wide powers is justified.

[Pandit Lakshmi Kanta Maitra]

But, there is the other side of it. It has to be seriously considered whether we would be really serving the best interests of the community by giving protection not only to the officers or any person purporting to act under a particular law, in this case, the Banking law, in good faith; not only that, but with the intention to do it in good faith.

I feel this is stretching the law too far, giving protection far too wide. After all no human institution is perfect, we know. We have got to provide as best as we can against all possible contingencies. But this is an entirely different proposition from saying that the statutory body, the Reserve Bank, is to be clothed with such an authority that it ultimately becomes a body so sacrosanct that its activities cannot be called into question in a court of law. That I think is a very big dose for any democrat to swallow. It is for the Honourable the Finance Minister to consider whether or not this vast and onerous responsibility, these wide powers that are sought to be cast on the Reserve Bank would be exercised with due caution and utmost care as all such transactions ought to involve if they have got before hand an all-pervasive shield in the shape of the provision that we are enacting now, that they cannot be touched by any court. Still more surprising is this. The right of a citizen to sue even the State is a very well established right in this country. In a criminal proceeding we have no right. But certainly I fail to understand how the civil liability of a State in respect of any act done can be taken away or should be taken away under a specific legislative provision. In this particular case, as I say, the whole credit structure of the country is going to be determined by this Act. I welcome this Act. Many provisions in it are drastic but I feel that the time has come when these drastic powers should be in the hands of the Government or its agent, the Reserve Bank. But this is far from saying that this Government or the Reserve Bank or any person empowered to act under this Act should be a *persona grata* to such an extent that not even the highest court of Judicature can touch him. That is an absurd position I should say.

Mr. Deputy Speaker: Only when it is done in good faith.

Pandit Lakshmi Kanta Maitra: 'Good faith' is a sacred expression which is prostituted so often. You know as much as I do, Sir, that good faith is easily turned into the worst possible faith and things done in malice prepense and all manner of things have come under this spacious cover of good faith; and to establish good faith or bad faith is a Herculean task in any court of law. You, Mr. Deputy Speaker, can understand the tendency of law courts in this country. When a specific provision is made in an enactment ousting the jurisdiction of courts, naturally the courts will be most reluctant to entertain cases. They would hesitate many times before they enter into the question whether or not the *bona fides* is there or good faith is there. After all there are no golden scales to weigh to what extent this is good faith and it transgresses the border and passes into bad faith. It is very difficult. I can quite understand that some such provision is necessary but not to this wide extent. Certainly this is going far in excess of the real requirements of the thing. Apparently this amendment is an after-thought. Perhaps the Finance Minister thought that when he has been taking so much powers—while I am saying 'he' I say it impersonally and let him not therefore misunderstand; I am a great admirer of him and I have a high opinion of all his attainments; in fact he yesterday accepted an amendment which was in the normal course going to be defeated; but his appeal was so persuasive that even a strong mind like me had to accept it—perhaps he thought this power might also be taken. But I am asking whether he would be really serving the best interests of the community in this particular respect if he was going to provide this kind of a shield for

all manner of people purporting to act under this Act—a shield for the Reserve Bank and ultimately the Government of India.

I can never reconcile myself to the position that a particular banking concern or body of persons who would be very adversely affected by any activities of the Central Government should not be unabled to have the matter thoroughly gone into by any civil court to find out whether the provisions of the law have been properly applied or not. That will be the most salutary check. In most cases even in the absence of this provision the courts would be most unwilling to convict or penalise any public servant or any servant of the Reserve Bank if the court finds that he was really acting in good faith. Irrespective of whether there is any provision or not the court has the inherent right to go into the case whether he has done anything mischievously or maliciously. The court would automatically go into such a case and no specific provision is necessary. This simply helps the wrong-doers to get or in any way they like. This has got a demoralising effect which must be recognised. I will suggest to my honourable friend the Finance Minister to change it to such an extent that it could be acceptable very freely. Otherwise we have to swallow it, but we will have to swallow it with some pain in the stomach and in the throat.

Mr. Homi Mody (Bombay: General): I rise to support the principle underlying this amendment. I have been and shall always continue to be a strong supporter of private enterprise and I would therefore deprecate any sort of control either over industry or banking. It is not I who have asked for this measure. As a matter of fact my business here has been to try and soften the rigour of the Bill. It is with the support of my friends on this side that the Bill has been framed in the way in which it is placed before us. After empowering the Reserve Bank to carry out all manner of functions, if my honourable friend seek to take away from the Reserve Bank the protection to which it is entitled, I do not see how the Reserve Bank could ever exercise the functions entrusted to it.

Pandit Lakshmi Kanta Maitra: The Central Government as well.

Mr. Homi Mody: If they have to watch their step every time when they are dealing with any particular bank or group of banks and if they are not given this sort of protection—I am not saying that the full powers that are given here ought to be given, but some sort of protection for anything done by them in good faith—then they cannot function at all, and many of the provisions of this Bill would be completely meaningless. My honourable friends ought to realize that having given the Reserve Bank wide powers over banks in many of their operations, they cannot refuse Government the power with which they seek to clothe themselves as well as the Reserve Bank and their officers. Only on a matter of phrasing I was wondering whether the Finance Minister would agree to drop out the word "Prosecution". It was suggested by somebody yesterday that a prosecution cannot lie against the Government or an authority like the Reserve Bank. Suppose you were to say "No suit or other legal proceeding" I should have thought that would cover every conceivable case in which the Reserve Bank could be involved. With this suggestion I support the amendment.

Pandit Lakshmi Kanta Maitra: Then it is a question of the extent of protection and I agree with you.

Shrimati G. Durgabai (Madras: General): I rise to support the amendment moved by the honourable the Finance Minister though I myself am not a banker. I shall be very brief. The position which has been described by my honourable friend Pandit Maitra is not so absurd as it is described to be. A provision of this kind is absolutely necessary to safeguard the interests of any individual or a body which is entrusted with the responsibility of discharging certain functions of this dimension which are required to be discharged by the Reserve Bank.

[Shrimati G. Durgabai]

The remarks made by Pandit Lakshmi Kanta Maitra and also my honourable friend Shri B. Das might have been relevant to the position of the Reserve Bank previous to this nationalisation. Now they do not absolutely apply to the present position. I need not repeat all the points made by the Honourable the Finance Minister in his reply yesterday. In a matter of this kind as he has stated there must be some trust somewhere in a body which has been assigned with the definite functions of discharging such heavy responsibilities which the Reserve Bank is required to discharge...

Pandit Lakshmi Kandta Maitra: I fully agree but the trouble is one of putting trust everywhere.

Shrimati G. Durgabai: I do not understand. Certainly the Reserve Bank is directly responsible to the Finance Minister of this Government in whom we have confidence and I do not understand why honourable members should think it necessary to oppose the amendment, which is a salient amendment, that has been moved by the Honourable the Finance Minister.

Pandit Hirday Nath Kunzru (U. P.: General): My honourable friend Mr. Mody has told us that his efforts in the Select Committee on the Bill were to soften its rigours. We may take it then that the Bill as placed before this House was a more rigorous measure that the Bill that has emerged from the Select Committee. Yet the Bill as introduced contained no provision of the kind that my honourable friend the Finance Minister wants us to insert in the Bill now. This measure went before the Select Committee. It was thoroughly discussed then. The Committee contained men competent to discuss every aspect of the matter but it made no recommendation supporting the insertion of a new clause like the one placed before us by the Finance Minister. The necessity of amending the banking law has been apparent to Government for years. The measure before us is the result of years of deliberation and yet when Government placed the fruit of their experience and thought before us it contained no such drastic provision as the Finance Minister wants us to accept. It is not enough therefore either for Mr. Mody or the Finance Minister to say that as this Bill is of a drastic nature it is necessary, if it is to be properly worked, that the officials of the Reserve Bank should be given the immunity that the new clause proposes to confer. The Minister of Finance must tell us what are the special reasons on account of which he has been compelled at this stage to bring forward such an amendment.

So far as I remember it was not the custom in the old days, even when drastic measures were considered by the legislature to confer immunity in advance on the officials that might be concerned with the administration of such laws. Usually, it is the general belief, such a provision is necessary only during a war or rebellion or in emergencies requiring Government to take special measures to maintain law and order. This was, I believe, the practice of the bureaucratic Government whom we criticised daily and severely for trying to restrict the liberties of the people. But now we have a national government which is asking for such a drastic power when the situation is normal. It is true that there is such a provision in the Damodar Valley Corporation Act but is that a precedent to be followed whenever important legislation is considered by this House? If it is desired that the officials should be safeguarded in advance against any action that might be taken against them for any act done by them in the exercise of their authority, a simpler thing would be to include such a provision in the draft constitution of the Government of India. If we have such a provision there we shall be saved the painful necessity of having to discuss such provisions again and again.

Sir, however wide the powers conferred by the Bill before us on the Reserve Bank officials or on other persons may be, we cannot allow the liberties of the people in any respect to be completely at the mercy of any class of functionaries. It has been usual to grant protection to officials by passing Acts of indemnity after emergencies when the servants of the Government might have been compelled, in view of the situation confronting them, to depart from the letter of the law. Here we are practically asking for a kind of indemnity act before any situation requiring it has developed.

We are not prepared to revise our ideas about the liberties and the rights of the people and to grant every kind of power to the present Government simply because it calls itself national. If it is to be a satisfactory reply to every objection that the Minister is a popular Minister, responsible to the Legislature, then this Legislature is not necessary at all. It was absolutely unnecessary to give so much time to the discussion of the Bill before us; we could have taken the Bill on trust from my honourable friend the Minister of Finance who is a popular Minister and pass it at once. If we have a Legislature—a democratic Legislature—its object must be to control the activities of a democratic Government. You cannot have a democratic Legislature with an autocratic executive; democratic Legislatures are associated only with democratic executives (*Shri Brajeshwar Prasad*: "Is the executive democratic here?") to control their actions and their discretion. The existence of a popular Government, therefore, far from justifying any and every action taken by the Government, requires the Legislature to exercise the power that it enjoys, as carefully as possible. When a Legislature is democratic and possesses the fullest powers to pass any legislation and to control the executive in any manner it likes, its responsibility towards the public is in proportion to the authority that it enjoys, and it is therefore incumbent on it to scrutinise the acts of the executive persistently and watchfully so that the responsibility that it owes to the public might be fulfilled.

For the reasons that I have given, I support the protest of my honourable friend Mr. B. Das, against the amendment proposed by the Honourable the Minister of Finance.

Shri S. V. Krishnamoorthy Rao (Mysore State): With very great respect to the honourable members who opposed this amendment, I beg to differ from them. What would be the result of throwing out this amendment? It would lead to a plethora of civil suits against the Reserve Bank and its officials and the Central Government.

Under this Bill, very wide powers have been given to the Reserve Bank to control the banking system in the country; power of inspection, power to call for accounts, power to initiate liquidation proceedings. In fact, after the Banking Ordinance was passed, the Ordinance has worked very well and our banking system has turned out very good work during the last year. Perhaps it was expected that under the stress and strain of the last year, banking would fail in this country, but the Ordinance which gave powers to the Reserve Bank to control the banking system has worked wonderfully well, and if we do not give this protection and indemnity to the Reserve Bank and the Central Government, and to the officers who act under the authority given to the Reserve Bank, I am afraid it would nullify the very provisions of this Bill. In fact, criticism was levelled against the Government that greater powers were not given under the Bill, but if the powers that are given are to be enforced effectively, I think this indemnity is very necessary.

Sir, I support the amendment.

Shri R. K. Sidhva (C.P. and Berar: General): I am very much surprised at the opposition to this innocent and very reasonable amendment that has been proposed by the Honourable Minister of Finance, and I am further surprised at the carping criticism, and very strong criticism, levelled by my friend Pandit Kunzru.

We find this clause in all the important Acts which we have framed here. In fact, there is a Bill before me even now, a Bill relating to the transfer of properties. Therein there is a clause: "No suit, prosecution or legal proceedings shall lie against the Central Government". (*An Honourable Member*: "Has that Bill been passed?"). The Select Committee has passed it. But what I want to contend is that it is not correct to say that this provision is exceptionally provided in this Banking Bill alone That is what I want to argue. If you are not going to exempt your own officers who are doing things in the best interests and in the best faith, I want to know how could there be a check over those banks, which we are demanding consistently and with great force? A similar clause is contained in the Transfer of Property Bill. The Select Committee has only omitted one or two words, but they have on the whole approved of it.

Then I only find this objection. If "any person" has connection with the bank or Government, then I have no objection, but the language to me seems to be a little loose and it should be stated that exemption should be given to the Central Government and the Reserve Bank and nobody else. An individual, in any capacity, functioning in the name of the Reserve Bank or the Government may go and do anything. I might draw the attention of the House to the fact that the Jawala Bank has filed a suit against the Government. The Government has acted in the best faith. On the contrary, I say that they are too late; they should have saved the money of the depositors, they should have taken more drastic action earlier. Nearly Rs. 23 lakhs of the poor depositors' have been wasted. I know some of them; they are very poor people: some of the money was endowment money. They are liquidating these deposits by 60 per cent; they started from 80 and are now coming to 60 per cent.

My honourable friend who opposes the amendment does it for the benefit of the depositors. If you go on this way, then the Reserve Bank will have no power anywhere and the banks can do anything they like. What would happen in the Jwala Bank case if such a provision does not occur here? Anybody could go and sue the Reserve Bank. They have sued not only the Governor of the Bank but also the Central Government and probably the Government of Bombay also. Therefore, I contend that this provision is a healthy one. Where does the question of our independence come in here? After all, we are a sovereign body and the Reserve Bank is our Bank. If it does anything wrong we can always see to it; we can haul up the Minister if he does anything against the interests of the people. After all, there is no comparison between the previous Government and the present Government. Howsoever the Ministers are functioning, it is we who can control the Ministers. And if any officer of the Reserve Bank cannot take notice of such actions it is our fault. But we have got power under the Free Government and we can do as we like. If the Reserve Bank official goes and troubles anybody unnecessarily, the House will be alert; any Member can take action on this matter.

Therefore, I do not see the necessity of creating unnecessarily any strong opposition and heat in this matter. I welcome this. I do not know why it has escaped the notice of the Select Committee. I feel this is a very important provision and it is absolutely necessary to have it in the interests of the depositors.

Mr. Nasiruddin Ahmad (West Bengal: Muslim): I rise to support this amendment on a much wider ground than has been done here. It is a most

necessary provision and really desirable, without which the Bill would not work. We are placing large duties on the Reserve Bank in the interests of depositors and of banking generally. We also place large powers on the Government for the same purpose. What is complained is that the Government and the Reserve Bank are being invested with some new power. I submit that no power is being given to the Government or the Reserve Bank. What is being given is protection to the Reserve Bank or the Government of India or any person acting under the Bill. For what? For anything done or intended to be done "in pursuance of this Act" and all that "in good faith." If anybody does anything in pursuance of the Act,—a duty which is laid upon him under this Act—it is only meet and proper to afford protection to him and it is absurd to deny that protection. It is giving no powers but giving protection for a *bona fide* act. I submit this power is given in the Government of India Act and other similar Acts. There was a *lacuna* which somehow or other escaped attention, and it should be our duty to remove it.

There is only one point of drafting made by Mr. Mody. This may be considered by the Draftsmen.

Srijut Rohini Kumar Chaudhuri (Assam: General): It was this humble self who, for the first time, suggested yesterday that this clause would be perfectly in order if only the Honourable Minister would agree to delete the No. 1 portion of his amendment. I think the House will welcome this new clause if he agrees to do that. If my suggestion is accepted, it will be a saving clause and would read:

"Save as otherwise expressly provided by or under this Act, no suit or other legal proceeding shall lie against the Central Government, the Reserve Bank or any person for any damage caused or likely to be caused by anything in good faith done or intended to be done in pursuance of this Act."

This covers all that is wanted. I do not understand why any protection is necessary either to the Central Government or to the Reserve Bank so far as criminal prosecution is concerned. There should be the question of protection only when there is danger. I cannot conceive of any circumstance which would entitle any person to prosecute either an officer of the Reserve Bank or the Central Government so long as they carry out the provisions of this Bill. It is only, I repeat, when there is a sense of danger the talk of protection can come. When there is absolutely no sense of danger, how does it arise?

Then, again, there are various ambiguities in the clause itself. Take for instance sub-cluse (1) which says:

"No suit, prosecution or other legal proceeding shall lie against..... any person for anything which is in good faith done or intended to be done in puruance of this Act."

Now, what is meant by "any person"? Does it include a manager of a bank, an agent of a bank or an employee of a bank other than the Reserve Bank or a member of the public? You can protect any person connected with the Central Government or Reserve Bank. That I can possibly understand, but what is meant by "any person"?

Mr. Naziruddin Ahmad: Any person who acts "in purusuance of this Act."

Srijut Rohini Kumar Chaudhuri: Who acts? What are the obligations left on the public to act under the provisions of this Act?

Mr. Naziruddin Ahmad: They would not be protected.

Srijut Rohini Kumar Chaudhuri: But what is the circumstance in which such protection may be necessary? My honourable friend who supported the Honourable Minister in respect of this clause suggested that the clause should be kept intact. But he has not given any reason or illustration whereby we could

[Srijut Rohini Kumar Chaudhuri]

have come to the conclusion that protection might be necessary to any person who is acting in pursuance of this Act. My honourable friend Mr. Ahmad has supported the amendment because he belongs to the class of persons who give amendments and amender is acceptable to them, whether in the Government Bench or on the ordinary bench on this side. All are his dearest friends. Therefore, he is bound to support any class of amendments and I do not give any serious weight to his support.

Shri B. L. Sondhi (East Punjab:General): Is that *mala fide* support?

Srijut Rohini Kumar Chaudhuri: That is his habit. My honourable friend knows very well how midnight oil has to be burnt in preparing these amendments, and he should naturally have sympathy for the Honourable Minister who said yesterday that he has to pass "sleepless nights and sleepy days" over his amendments. Talking seriously over this matter, I would again respectfully request the Honourable the Finance Minister to drop the first part of clause 54 and to go on with the second part and I suppose that will satisfy everybody in this House.

The Honourable Dr. John Matthai (Minister for Finance): My task has been lightened by the speeches of some honourable members who have been good enough to support me in the matter of this amendment. I want to make it perfectly clear that for some time since this Bill was taken into consideration by the Select Committee, I myself was in doubt whether it was necessary to have a provision of this kind. But reports have been reaching me, particularly with reference to the working of the Banking Ordinance recently published, which contains provisions more or less similar to the provision of this Bill, that people are contemplating bringing suits on frivolous grounds against our officers who are taking action in pursuance of the provisions of the Ordinance. Having considered the matter carefully, I came to the conclusion that if you are going to place these very important responsibilities upon officers, and at the same time are not prepared to give them protection in respect of acts which, as Mr. Nazir-uddin Ahmad pointed out, they have done in good faith in pursuance of the Act, then the necessary result would be that officers would rather not do anything that might land them in embarrassing consequences. It gives us no pleasure to exercise these responsibilities, but because of the way in which banking has been developing in this country in recent years it is necessary that the interests of the large community of depositors should be properly safeguarded. It is really a question of balancing considerations. On one side is this very important consideration that no officer who has done a wrong should escape: on the other hand, an officer honestly, earnestly trying to discharge the duties that the Legislature places upon him should receive protection. Otherwise, the result would be not merely that you would be treating him unfairly but nullifying the purpose of the legislation.

Recently I have been having reports that unless something on these lines was enacted the result would be that the Executive upon whom the responsibility in the last resort rests, would be rendered impotent. I therefore beg the House to consider the need for a provision of this kind, if we are at all serious about the provisions of this Bill.

We are not doing anything unique in this matter. The provision that we have put in, in substance is the provision that occurs in very many other countries. I shall read the relevant provision of the Australian Banking Act:

"14. The Commonwealth Bank, the Governor and Deputy Governor of the Commonwealth Bank, and any officer of the Commonwealth Bank, shall not be subject to any action, claim, or demand by, or any liability to, any person in respect of anything done or omitted to be done in good faith and without negligence in the exercise or in connexion with the exercise, of the powers conferred on the Commonwealth Bank under this Division."

Pandit Lakshmi Kanta Maitra: Not the Commonwealth Government of Australia? This is the National Bank.

The Honourable Dr. John Matthai: Yes, the Commonwealth.

In this matter we are not in a different position and it seems to me, if we are going to make any progress in matters of this kind, we must give some considerations to the action taken by other countries who have had experience in this matter and have been faced with problems of this kind longer than we have been.

The position at present is that we are not introducing anything drastically new. Looking at the problem from the point of view of our country, the case law that has developed on the subject practically gives this direction. All that we are trying to do is to give statury form to case law. The House I think has recognised the principle more than once, and I do not see why the House should go back on it in this case. There is the Mines and Minerals Act, the Factories Act, and numerous other Acts, in which the House has given approval to this principle, and I do not see why in this particular case the House should go back on what they have done after due consideration. I implore the House and honourable members who do not find justification for this Bill, to reconsider the position. I have not introduced it lightly. I have given due consideration to the matter. Pandit Kunzru raised the very valid point that the matter has been before the House and before Select Committees for a long period and he asked, "Why did not you take steps earlier." I have the same kind of prejudice against provisions of this kind as Pandit Kunzru. But because matters were brought to my notice recently which made it necessary to reexamine the position I brought it up at this stage.

Certain suggestions for modifications have been made in the course of the discussion. In view of the fact that there is this widespread apprehension that a provision of this kind, in its actual working might result in abuses, I would like to give two assurances to the House. First of all, I will carefully watch the working of this particular provision in the light of the discussion which has taken place in the House today, and if I find in the actual working of it that consequences have arisen of the kind that are anticipated, I am quite prepared to have the matter reconsidered. The second assurance that I want to give is this. A certain amount of fear has been expressed that the wording of the provision as it stands now probably gives it an unduly extensive scope. In order to meet that point, I think it was raised by several Honourable Members,—I am prepared to have the amendment modified in this form:

"54. *Protection of action taken under Act.*—(1) No suit or other legal proceeding shall lie against the Central Government, the Reserve Bank or any officer for anything which is in good faith done or intended to be done in pursuance of this Act."

Shri B. L. Sondhi: Who is that officer? A Government officer?

The Honourable Dr. John Matthai: Would be either! For part (2) of the amendment I would drop the word "person" and have the word "officer".

That to a substantial extent meets the objections that have been raised. I hope in that modified form the House would approve of it.

Mr. Homi Mody: Instead of "any officer" we may say "any of their officers."

The Honourable Dr. John Matthai: "Any officer" is better. I have considered the point carefully.

Mr. Nasiruddin Ahmad: Why not "any officer or servant"?

The Honourable Dr. John Matthai: No: "any officer".

Shri B. Das: I am dull enough. I do not appreciate why it is the Central Government. It has not been done in the Damodar Valley Corporation Act nor in any other such Act.

The Honourable Dr. John Matthai: The Central Government acts on the advice of the Reserve Bank in many matters and if there is any officer of the Government who is entrusted with this responsibility, he should also be protected.

Shri Krishna Chandra Sharma (U. P.: General): Instead of "pursuance of this Act" the words "under the Act" may be substituted, because in that case it would be known that it would not be a mistake of law but one of fact, if at all it is a mistake. Then under the Indian Penal Code and other Criminal Acts, it is generally deemed that if an offence is committed under a mistake of fact and not of law, that offence would be no offence provided there is good faith on the part of the man who commits it.

Srijut Rohini Kumar Chaudhuri: I think the amendment should be formally moved.

Mr. Deputy Speaker: I do not think the House has any objection to the modified amendment as proposed by the Honourable Minister?

The question is:

"That after clause 53 of the Bill, the following new clause be inserted, and the subsequent clauses be renumbered accordingly:

'54. *Protection of action taken under Act.*—(1) No suit or other legal proceeding shall lie against the Central Government, the Reserve Bank or any officer for anything which is in good faith done or intended to be done in pursuance of this Act.

(2) Save as otherwise expressly provided by or under this Act, no suit or other legal proceeding shall lie against the Central Government, the Reserve Bank or any officer for any damage caused or likely to be caused by anything in good faith done or intended to be done in pursuance of this Act'."

The motion was adopted.

Mr. Deputy Speaker: The question is:

"That clause 54 (re-numbered as clause 55) stand part of the Bill."

The motion was adopted.

Clause 54 (re-numbered as clause 55) was added to the Bill.

Clause 55 (re-numbered as clause 56) was added to the Bill.

श्री लक्ष्मीनारायण साहू : मैं प्रस्ताव करता हूं :

"That after clause 55 (re-numbered as clause 56) of the Bill, the following new clause be added:

'55A. *Advisory Committee for Reserve Bank.*—.....

Mr. Deputy Speaker: There is a Board of Management already constituted for the Reserve Bank.

Shri Lakshminarayan Sahu: It is a separate Advisory Committee that I want. I move:

"That after clause 55 (re-numbered as clause 56) of the Bill, the following new clause be added:

'55A. *Advisory Committee for Reserve Bank.*—(1) The Reserve Bank shall exercise supervision, control and direction over banks or banking companies under the guidance of the Advisory Committee in the discharge of these functions, as constituted in sub-section (2).

(2) The Advisory Committee shall consist of five members, namely,—

(*a*) three nominated by Indian Banks' Association;

(*b*) one nominated by the Central Government; and

(*c*) one nominated by the Reserve Bank of India.

(3) The meetings of the Advisory Committee shall be presided over by the Governor or in his absence by the Deputy Governor'."

इस बैंकिंग बिल पर बहुत बहस हो गई है और बहुत से आदमियों को ऐसा शक लगता है कि रिजर्व बैंक ने इतनी पावर लेली है कि यह बाघ की तरह छोटे छोटे बैंकों को खा जायगा। इसीलिए मैं इस क्लाज को देना चाहता हूं जिससे सब आदमियों को मालूम हो जायगा कि रिजर्व बैंक का काम कैसे चलता है और इसीलिए मैं एडवाइजरी कमेटी रखना चाहता हूं। हम लोग देखते हैं कि बहुत जगहों में जहाँ एडवाइजरी कमेटी है वहां भी अच्छा काम नहीं होता है, लेकिन मैं यह सोचता हूं कि हम जो यहां एडवाइजरी कमेटी बनायेंगे उसके रूल्स ऐसे बनायेंगे जिनके अनुसार हर महीने, हर दो महीने या तीन महीने में एडवाइजरी कमेटी की एक मीटिंग जरूर हो जाय। दूसरी जगहों में जहां एडवाइजरी कमेटी है उसका काम अच्छा नहीं है, उसको बुलाया नहीं जाता, एक बरस में शायद एक दफा उसकी मीटिंग होती है। यहां ऐसा नहीं होगा। रूल्स ऐसे बना देने चाहिए कि एक महीना में, नहीं तो दो महीना में, नहीं तो तीन महीना में एक दफा एडवाइजरी कमेटी की मीटिंग जरूर होनी चाहिए। इस कमेटी में रिजर्व बैंक का एक आदमी रखा गया है और तीन इंडियन बैंक्स एसोसियेशन के हैं। इससे मैं समझता हूं कि जो बैंक्स एसोसियेशन है और जितने बैंक्स हैं उनको तो बहुत क्षमता दे दी गई है।

मिस्टर डिप्टी स्पीकर : क्या कोई बैंक्स एसोसियेशन है।

श्री लक्ष्मीनारायण साहु : जी, है। सिलेक्ट कमेटी की रिपोर्ट में यह लिखा है।

"We the undersigned members of the Select Committee, to which the Bill to consolidate and amend the law relating to banking companies was referred, have considered the Bill. The evidence tendered by the delegation of the Indian Banks' Association headed by Sir Homi Mody....."

इसलिए मैं समझता हूं कि अगर हम इस एडवाइजरी कमेटी को रखेंगे तो यह एक लिंक के माफिक काम करेगी, पबलिक के साथ और बैंक और गवर्नमेंट के साथ। यह एक अच्छा लिंक होगा और यह इफैक्टिव भी होगा ऐसा मैं सोचता हूं। इस बिल के लिए यह सन्देह हो गया है कि इतना पावर ले लिया है, इससे हम लोगों को खराबी होगी। तो मैं समझता हूं कि अगर यह मान लिया जाय तो यह सन्देह आसानी से दूर किया जा सकता है। इसीलिए मैं ज्यादा समय न लेकर यही कहना चाहता हूं कि इस एडवाइजरी कमेटी को फाइनेन्स मिनिस्टर मान लें तो बहुत अच्छा होगा।

[*English translation of the above speech.*]

Shri Lakshminarayan Sahu: I move:

"That after clause 55 (re-numbered as clause 56) of the Bill the following new clause be added :

'55A. *Advisory Committee for Reserve Bank*'.— . . . .

Mr. Deputy Speaker: There is a Board of Management already constituted for the Reserve Bank.

Shri Lakshminarayan Sahu: It is a separate Advisory Committee that I want. I move:

"That after clause 55 (re-numbered as clause 56) of the Bill the following new clause be added :

'55A. *Advisory Committee for Reserve Bank.*—(*1*) The Reserve Bank shall exercise supervision, control and direction over banks or banking companies under the guidance of the Advisory Committee in the discharge of these functions, as constituted in sub-section (*2*).

(*2*) The advisory Committee shall consist of five members, namely,—

(*a*) three nominated by Indian Banks' Association;

(*b*) one nominated by the Central Government; and

(*c*) one nominated by the Reserve Bank of India.

(*3*) The meetings of the Advisory Committee shall be presided over by the Governor or in his absence by the Deputy Governor'."

This Banking Bill has been discussed at great length. Several people suspect the Reserve Bank has taken so much power that like a wolf it would devour small banks. For this very reason I wish to put in this clause, whereby people in general would know how the Reserve Bank works. For this very reason I wish to provide for an Advisory Committee. We see that in several quarters where Advisory Committees exist no good work is done, but I think that in the case of the Advisory Committee which we provide for in the present case we should so frame the rules that in pursuance thereof there must be, at least, one meeting of the Advisory Committee every month or every two or three months. In other cases, where Advisory Committees exist their working is not good, the committee is not called, it holds its meeting perhaps once in a year. This shall not happen here. Rules should be made in such a way that, at least, one meeting of the Advisory Committee must take place every month, or if that is not possible, every two months or, at any rate, every three months.

One seat on this Committee has been given to the Reserve Bank and three to the Indian Banks Association. This, I feel, should give adequate power to the Banks Association and the banks.

Mr. Deputy Speaker: Does any Banks Association exist?

Shri Lakshminarayan Sahu: Yes, Sir, it does. The report of the Select Committee contains the following:

"We the undersigned members of the Select Committee, to which the Bill to consolidate and amend the law relating to banking companies was referred, have considered the Bill, the evidence tendered by the delegation of the Indian Banks' Association headed by Sir Homi Mody....."

It is for this reason that I think that if we provide for this Advisory Committee it will serve as a link between the public on the one hand and the Bank and the Government on the other. I feel it will be a good link and that it will be effective too. A suspicion has cropped up in regard to this Bill that so much power has been assumed that it would cause us harm. I think that if this proposal is agreed to this suspicion could eaily be removed. Therefore, I shall not take any more time. I only wish to say that it would be very good if the Finance Minister should agree to this proposal for an Advisory Committee.

Mr. Deputy Speaker: Amendment moved:

"That after clause 55 (re-numbered as clause 56) of the Bill the following new clause be added :

'55A. *Advisory Committee for Reserve Bank.*—(*1*) The Reserve Bank shall exercise supervision, control and direction over banks or banking companies under the guidance of the Advisory Committee in the discharge of these functions, as constituted in sub-section (*2*).

(2) The Advisory Committee shall consist of five members, namely,—

(a) three nominated by Indian Banks' Association;

(b) one nominated by the Central Government; and

(c) one nominated by the Reserve Bank of India.

(3) The meetings of the Advisory Committee shall be presided over by the Governor or in his absence by the Deputy Governor'."

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

Srijut Kuladhar Chaliha (Assam: General): I rise to oppose this amendment. Firstly, I find that the wording of the first part is so vague that it would be impossible to discharge the functions if this is allowed. The honourable member has not been able to say what the Advisory Committee will do. He wants advice. The clause reads: "The Reserve Bank shall exercise supervision, contro' and direction over banks or banking companies under the guidance of the Advisory Committee in the discharge of these functions..." Now, what are the functions and are they to audit or advise on restriction of dividends or prohibition of charge of fee or restriction of commission? Unless these are defined, the Advisory Committee will be giving advice on every subject, which will be impossible for the Reserve Bank to carry out. The second part is that the Advisory Committee shall consist of five members, namely,—(*a*) three nominated by Indian Banks' Association; (*b*) one nominated by the Central Government; and (*c*) one nominated by the Reserve Bank of India. Then we do not know how many banking associations there are. There may be one Central Bank, non-scheduled banks Association and I think there may be trouble about the provincial Association of banks in Assam. In Bengal, there may probably be another association and we do not know how many representatives will have to be returned from each. Three nominated members are mentioned here, but they will be different in the different provinces and it will be difficu't to know who will become one. I therefore think that if this amendment is allowed, it will be more unhelpful to the Reserve Bank than what is intended to be as such. I oppose this amendment.

The Honourable Dr. John Matthai: I will oppose this amendment for this reason, that the main object of this Bill is to exercise contro' and supervision even to the point of discipline over banking companies, and I do not think it will conduce to efficient administration, if an Advisory Committee is set up, of which the majority would be composed of representatives of the very people whom this Bill is intended to supervise and control. Apart from that if it is conceded that there is a case for an Advisory Committee, I see no reason why the Advisory Committee should be composed only of people representing banks, because there are other interests which this Bill covers. I am against this amendment.

Mr. Speaker: The question is:

"That after clause 55 (re-numbered as clause 56) of the Bill, the following new clause be added :

'55A. *Advisory Committee for Reserve Bank.*—(1) The Reserve Bank shall exercise supervision, control and direction over banks or banking companies under the guidance of the Advisory Committee in the discharge of these functions, as constituted in sub-section (2).

(2) The Advisory Committee shall consist of five members, namely,—

(a) *three nominated by Indian Banks' Association*;

(b) one nominated by the Central Government; and

(c) one nominated by the Reserve Bank of India.

(3) The meetings of the Advisory Committee shall be presided over by the Governor or in his absence by the Deputy Governor."

The motion was negatived.

The Honourable Dr. John Matthai: I have got an amendment..

Mr. Speaker: I think that might be put last or at the third reading.

Mr. Naziruddin Ahmad: I move:

"That in the First Schedule to the Bill, in column 4, in item (*3*) in clause (*a*) (*iii*) of the proposed sub-section (6) of Section 42 of the Reserve Bank of India Act, 1934, the words 'or the Acceding States to which the Banking Companies Act, 1949, applies' be added at the end."

It is necessary here though in the body of the Bill it is not necessary. Wherever we use the word 'Province' according to sub-clause (*2*) of clause 5 of the Bill, we mean that the Acceding States are also included. But we are here concerned with an amendment of the Reserve Bank of India Act, where this definition does not apply. The word 'Province' means under this Bill, the Acceding States too. We are concerned with the amendment of the Reserve Bank of India Act and the passage occurs in page 19, item (iii) at the top:

"(*iii*) is a company as defined in clause (2) of section 2 of the Indian Companies Act, 1913 (VII of 1913) or a corporation or a company incorporated by or under any law in the Provinces of India."

As this is part of the Reserve Bank of India Act the Provinces under that Act do not include the Acceding States. In fact, we want to substitute sub-section (6) to Section 42 of the Reserve Bank of India Act and in that Act 'Provinces' do not include the Acceding States. In case we have power to legislate, this provision should apply to the Acceding States also. We have adopted the principle that Acceding States are also included under the Bill by means of a special definition at the bottom of page 2 of the Bill under 'Interpretation' that in the application of this Act, all references to 'Provinces of India' shall be construed as including reference to the 'Acceding States' to which this Act applies. This specia' safeguard or special definition would not apply to the Reserve Bank of India Act, as we are going to insert a clause in the Reserve Bank of India Act by this amendment. We should, therefore, extend the area of the Provinces to include also Acceding States. If that is the intention, it requires this amendment. If the Acceding States should not be included in it, then the amendment is not necessary. The amendment is necessary if it is intended. It can not be implied. It could be implied in the present Bill, but not in the Reserve Bank of India Act. This, I submit, should be carefully enquired into and if necessary incorporated.

The Honourable Dr. John Matthai: I do not accept the amendment for the simple reason that the Schedule is a part of the Act and therefore clause 5 sub-clause (*2*) applies equally to the Schedule.

Mr. Speaker: Is there any definition of "provinces" in the Reserve Bank of India Act?

Mr. Naziruddin Ahmad: No. This is a later idea. When the Reserve Bank of India Act was passed, this was never thought of. It is on account of the accession of the States that this idea is growing up.

Mr. Speaker: I am not conversant with the provisions of that Act. The Honourable Minister may consider this position. The argument, as I understand it, of the honourable member is that as the schedule speaks of an amendment to the Reserve Bank of India Act, sub-section (*6*) of section 42, the wording in this should follow the wording in the Reserve Bank of India Act. If the 'provinces of India' are not defined there, then, what would be the position here?

Shri M. Ananthasayanam Ayyanagar (Madras: General): The wording "outside the Provinces of India" will include Acceding States also.

Mr. Speaker: I cannot say anything of my own on this. If the honourable Minister thinks that it carries out the intention properly, then, I have nothing to say. I suppose he is clear.

The Honourable Dr. John Matthai: I have examined this; I am clear on the point.

Shri M. Anathasayanam Ayyangar: My own feeling is this. There is no need for the amendment. Let us go back to page 18. It is stated:

"In section 42, for sub-section (6) the following sub-section shall be substituted, namely :

(6) The Bank shall, save as hereinafter provided, by notification in the Gazette of India,—

(a) direct the inclusion in the Second Schedule of any Bank not so already included..."

What banks are they? A Bank—

".....which carries on the business of banking in any province of India and which—

(i) has a paid up capital.....

(ii) satisfies the Bank that its affairs are not being conducted in manner detrimental to the interests of its depositors, and

(iii) is a company as defined in clause (2) of section 2 of the Indian Companies Act, 1913 (VII of 1913) or a corporation or a company incorporated by or under any law in force in any place outside the Provinces of India."

Thus it must be a company satisfying one or the other of the conditions coming under clauses (i) to (iii). In those circumstances, it could be included in the second schedule. My own impression is.....

The Honourable Dr. John Matthai: If I may interrupt for a moment, the Reserve Bank Act does not extend to the Acceding States. It applies only to the provinces.

Mr. Speaker: That is exactly the difficulty which the honourable the mover of the amendment has felt.

Shri M. Ananthasayanam Ayyangar: The Reserve Bank Act applies only to the provinces. It applies to banks which carry on business within the provinces. Under the Reserve Bank Act the Reserve Bank can control in whatever manner it can control the indigenous banks which are both incorporated within the provinces and also carry on business, as also those banks, wherever they may have been incorporated, which carry on business within the provinces of India. What is said in clause (iii) is:

"is a company as defined in clause (2) of section 2 of the Indian Companies Act, or a corporation or a company incorporated by or under any law in force in any place outside the Provinces of India."

'Outside the provinces of India' will mean acceding States also. Therefore, there is no need to say, in any of the acceding States. As it is, without the addition, it is wide enough to cover not only the acceding States, but other countries also outside India, whether within the provinces or not.

Mr. Speaker: Is that clear to the honourable member?

Mr. Naziruddin Ahmad: It is not clear to me, Sir.

Mr. Speaker: He is inviting attention to the words in sub-clause (iii): "or a corporation or a company incorporated by or under any law in force in any place outside the Provinces of India".

Shri M. Ananthasayanam Ayyangar: If they carry on business within the provinces.

Mr. Naziruddin Ahmad: In that case, I do not press my amendment, Sir.

Mr. Speaker: The question is:

"That the First Schedule stand part of the Bill."

The motion was adopted.

The First Schedule was added to the Bill.

The Second Schedule was added to the Bill.

The Honourable Dr. John Matthai: I move:

"That in the Third Schedule to the Bill, in Form A, for item (*i*) under the head INVESTMENTS (stating mode of valuation *e.g.*, cost or market value),' the following be substituted :

'(i) Securities of the Central and Provincial Governments and Trustee Securities, including Treasury Bills of the Central and Provincial Government'."

This is simply to make it clear that these securities include Provincial Government securities.

Mr. Speaker: Amendment moved:

"That in the Third Schedule to the Bill, in Form A, for item (*i*) under the head 'INVESTMENTS (stating mode of valuation, *e.g.*, cost or market value)', the following be substituted :

'(i) Securities of the Central and Provincial Governments and Trustee Securities, including Treasury Bills of the Central and Provincial Governments'."

Pandit Lakshmi Kanta Maitra: I want to have clarification on this. Mention is made of the securities of the Central and Provincial Governments and trustee securities. Does the honourable Minister mean by 'trustee securities' port trust debentures, and all that? In what sense does he use the word 'trustee securities' here? Secondly, does he mean to include corporation debentures and municipal debentures that may be issued by big corporations and municipalities? Thirdly, I want to know whether 'trustee securities' mean properties created under the Trusts Act.

The Honourable Dr. John Matthai: All the securities classified under the Trustees Act.

Pandit Lakshmi Kanta Maitra: Does he also include Municipal corporations?

The Honourable Dr. John Matthai: I believe so.

Pandit Lakshmi Kanta Maitra: It is not a question of believing; you must make it clear.

The Honourable Dr. John Matthai: I do not think I can give an answer to these questions straightaway. All the securities which the Government of India would accept as trustee securities under the provisions of the Trustees Act.

Shri M. Ananthasayanam Ayyangar: He can refer to the Indian Trusts Act.

Mr. Speaker: The question is:

"That in the Third Schedule to the Bill, in Form A, for item (*i*) under the head "INVESTMENTS (stating mode of valuation, *e.g.*, cost or market value)', the following be substituted :

'(i) Securities of the Central and Provincial Governments and Trustee Securities, including Treasury Bills of the Central and Provincial Governments'."

The motion was adopted.

Mr. Nasiruddin Ahmad: I do not propose to move my amedment unless the honourable Minister agrees to it.

The Honourable Dr. John Matthai: I do not accept that.

Mr. Nasiruddin Ahmad: Then I do not move that.

Mr. Speaker: The question is:

"That the Third Schedule, as amended, stand part of the Bill."

The motion was adopted.

The Third Schedule, as amended, was added to the Bill.

The Honourable Dr. John Matthai: Sir I move:

"That in the heading of the First and Second Schedules to the Bill, for the figures '54' and '55', the figures '55' and '56' be substituted respectively."

Mr. Speaker: The question is:

"That in the heading of the First and Second Schedules to the Bill, for the figures '54' and '55', the figures '55' and '56' be substituted respectively."

The motion was adopted.

Mr. Naziruddin Ahmad: Is it necessary to move these things in the House? They are only formal matters.

Mr. Speaker: In Bombay, the practice was these things were taken at the third reading stage. The draftsman used to watch the proceedings and carry out these things in the third reading of the Bill. Here, the practice seems to be a general authority given by the House to make such changes as may be necessary. We shall put that at the end.

The question is:

"That clause 1 stand part of the Bill."

The motion was adopted.

Clause 1 was added to the Bill.

Prof. K. T. Shah (Bihar: General):

"That in the Preamble to the Bill, after the word 'Whereas' the following be inserted: 'banking is a public utility service, intimately concerned with the economic development of the country;' "

Mr. Speaker: The honourable member wants to insert these words after "Whereas" and before the words "it is expedient to consolidate and amend"?

Prof. K. T. Shah: Yes, because the Preamble epitomises the substance—the purpose and objectives—of the Bill in a very brief form. As such I have tried to bring out by my amendment that salient item in the purpose of this Bill which the Preamble as it now stands does not contain.

Sir, I have advisedly not moved the other amendments which are standing in my name on the Title, Preamble and clause 1 of the Bill, as the House has by its earlier decision shown a disinclination to accept the view point which I am trying to put forward; and therefore it would be inadvisible for me to take once again the time of the House by putting forward those amendments. But even accepting the view that this Bill is a Bill only confined to commercial banks, though that is not quite clearly stated by the Title or Preamble; and though it is not a consolidating Bill as is claimed in the first line, one may nevertheless point out the real function of banks as public utility service, and as concerns which are intimately concerned with the development of the country, its economic resources and potentialities. Even if you confine the Bill strictly—though it is not stated so—in all its operative sections to the commercial banks and commercial banks alone, it would be perfectly right and proper to say that even commercial banking is a public utility service; and that it is intimately connected with the development of the economic resources of the country and realisation of its potentialities.

I do not think this proposition could be questioned on the ground of its correct description. It may be questioned by those who would not like to recognize that banking is a public utility service, because the consequences of such a recognition may be more than they are prepared to accept. A public utility service has to be conducted primarily for the benefit of the public, and not for the benefit of the proprietors, if any. That is a view which may lead to many consequential changes or many consequential alterations and a radical reorientation of the provisions of the Bill, which may not be welcome to those people to accept.

I am not concerned, Sir, with combatting that attitude. If, as I hope, I have a chance to say a few words in the final stage, or what is called the third reading of the Bill, I shall point out why and how I consider the Bill, as I have so far considered it, to be objectionable and as such should not be passed. But

[Prof. K. T. Shah]

at this point, at the penultimate stage of its passage, I am making a forlorn effort, trying to see if light would still dawn upon people who have sleepless nights and sleepy days. I know that light is absent at night: And if they happen to be sleepy in the day when the sun is shinning, they miss the light even if it comes upon them.

That being so I fear I am carrying once again in the wilderness. But I may point out that those who are charged with the responsibility of piloting this Bill have themselves found out so many defects in its provisions that they are themselves obliged to change their mind even in the course of an hour. When an amendment was being moved they had given a positive declaration of their intention of not accepting it, but after hearing an honourable member more lucky than myself and finding some sense in that amendment than they had imagined at first, at least have accepted that. To me, Sir, this is an indication that the matter has not received the thought, attention, care and consideration that is due to such an organic measure as this. Though we may have every sympathy—I certainly have— with those who are charged with the heavy responsibility of preparing a Budget and having at the same time this great organic measure of economic reform so near at the budget time, I still feel that it was in their hands to rearrange the programme in such a manner that they might have had both a sleepful night and a sleepless day so that they might be able to attend more carefully, intelligently and closely to such matters as this; so that the House might be spared from giving a wide, large blank cheque—I am using banking language of course— to the Draftsmen to make, even at the last stage, on further consideration new alterations.

It is useless for me to plead at this stage any further in trying to open the eyes of those who will not see. I therefore, just commend my motion to the House for what it is worth.

Mr. Speaker: Amendment moved:

"That in the Preamble to the Bill, after the word 'Whereas' the following be inserted: 'banking is a public utility service, intimately concerned with the economic development of the country;' "

The Honourable Dr. John Matthai: It sounds like a fragment from an economic thesis. Firstly, I think it is out of place as a description in the Preamble. Secondly there is no recognized definition of 'public utility services'. Thirdly, if you take the commonly accepted definition, banking companies in the present set-up are not a public utility as such.

Mr. Speaker: The question is:

"That in the Preamble to the Bill, after the word 'Whereas' the following be inserted: 'banking is a public utility service, intimately concerned with the economic development of the country'."

The motion was negatived.

Mr. Speaker: The question is:

"That the Title and the Preamble stand part of the Bill."

The motion was adopted.

The Title and the Preamble were added to the Bill.

Shri M. Ananthasayanam Ayyangar: I move:

"That changes that may be necessary consequent upon the amendments accepted by the House may be made in the numbering and lettering of clauses and sub-clauses, punctuation and small and capital letters."

Mr. Speaker: The question is:

"That changes that may be necessary consequent upon the amendments accepted by the House may be made in the numbering and lettering of clauses and sub-clauses, punctuation and small and capital letters."

The motion was adopted.

The Honourable Dr. John Matthai: I move:

"That the Bill, as amended, be passed."

Mr. Speaker: Motion moved:

"That the Bill, as amended, be passed."

From what fell from Prof. Shah it appears to me that there is a necessity to clarify the scope of discussion at the third reading stage.

All the principles involved in the Bill were fully discussed at the consideration stage. Each of the various amendments sought to be moved was discussed threadbare during the clause-by-clause consideration stage. While it is perfectly competent for the House to throw out this Bill, even at the third reading stage and while therefore it is perfectly competent for any person who wishes to oppose the Bill to speak entirely against it, he may shortly state his grounds without further arguments in support of those grounds. The scope will be restricted only to the amendments carried out in the Bill during the clause-by-clause reading stage. That is the strict scope of the discussion at the third reading. Of course, other general matters may be referred to shortly and broadly but no detailed discussion on those matters will be permissible. When a measure of this type is being discussed, it is impossible to avoid all such references but there shall be no further detailed discussion of those references again. These are the general rules, and then of course things are left to the goodwill,—I do not use the word in "goodsense"—of the honourable members (*Mr. Naziruddin Ahmad*: "We have both.") It will be seen now in the actual course of the discussion. I merely clarified the position so that I may not have any further occasions of reminding honourable members of the scope of the discussion at this stage.

3 P.M.

Shri M. Tirumala Rao (Madras: General): I was unfortunately absent from the general discussion of the Bill and I shall endeavour to bear in mind your very clear instructions that I should be brief as well as broad in dealing with the third reading of the Bill.

Mr. Speaker: I forgot to add that there shall not be irrelevancies and repetitions.

Shri M. Tirumala Rao: Irrelevancies are generally matters of opinion and you are in a peculiarly privileged position to judge what is relevant and what not and therefore I cannot claim to judge it for myself but try to strictly adhere.....

Mr. Naziruddin Ahmad: Repetitions must not be tedious repetitions.

Shri M. Tirumala Rao: If you refer to the report of the Central Banking Enquiry Committee which was made as early as 1931 they said in it that the banking legislation should be separately dealt with and should not be tagged on to the general Joint Stock Companies Act. Since then the course of this legislation has had a chequered career until now when it has fallen to the lot of the present Finance Minister to present a Bill which I think reflects the state of opinion in the country, although I cannot say that either myself or a substantial section of the people whom I know very well appreciate the measure in the sense that it has gone to the extent to which it should have gone. But dealing as we do with a market which is very sensitive with regard to the slightest pronouncement of any Minister or any opinion expressed in a slightly extreme way by any responsible member of the Government, it behoves the Minister-in-charge of Finance to see to all circumstances in the country and also to see that the banking structure of the country does not get into distress or nervousness when the Bill is being shaped. Nevertheless the Central Banking Enquiry Committee has drawn attention to certain evils which have to be remedied through a separate Bill and we shall see how far the provisions

[Shri M. Tirumala Rao]

of this Bill have gone to remedy the defects that have been pointed out as early as 1931 and which are persisting even now in one form or another in the country's banking structure.

If you see the figures from 1934 to 1945 as many as 715 banking companies went into liquidation. The reasons why these banking companies have gone into liquidation have been many according to the Banking Enquiry Committee and according to the knowledge of people who are in public affairs.

The first is dishonest management. We have known how banking companies on account of dishonest management have gone into liquidation. Even before we were born, some of us the word Arbuthnot was a famous word; in the Telugu language the word Arbuthnot was associated with saving. Every one of the families in the South that had some little saving in that bank was affected by the failure of the Arbuthnot bank because of dishonest management and imprudent investments. Later on in the South the Travancore Bank and in the North the Alliance Bank which was entirely managed by foreigners indulged in so many unsound investments that, however, famous the banks may be their investments were not safe.

Now with regard to the incompetence of the directors we have seen banks being managed first by able directors and then creating vested interests for their sons and their near relatives, who are brought into them as managers or as directors and keeping the whole management of the bank as it were shrouded in mystery with regard to all their speculative investments. We have seen several banks ruined by speculative investments. The Alliance Bank was one such. When its history was revealed it was found that large sums of money, the depositors' money, were invested not only in India but abroad in very highly speculative ventures that ultimately brought about the crash of that bank.

Then I come to the question of unrestricted loans to Directors. This is a malpractice that is in existence in several of the banks. We have heard of the Travancore National Bank's directors who wanted to use the bank for their political ends and to provide for some of their own relatives and sons-in-law and they were taking large loans without sufficient security. All these facts were brought to light and whatever, the cause of the downfall of the bank they also indulged in this malpractice by which a large number of depositors suffered heavily.

Very recently we heard of the International Bank of India and of the way they indulged in wide speculation and paying to other companies like insurance companies.....

Mr. Speaker: What is it that the honourable member is driving at except a general survey justifying this banking legislation?

Shri M. Tirumala Rao: Generally I have not got much to say in criticism of the measure. But I would be brief in dealing with it. What I want to say is that the reasons that necessitate a separate banking Bill mentioned in the Banking Enquiry Committee Report have been met in this Bill. The remedies that were suggested to improve the tone of the banking system in the country, where banks have come to grief during a period of 10 to 12 years, have been sought to be provided here by this legislation.....

Mr. Speaker: While I appreciate all the information that the honourable member is giving, it will not be relevant to the third reading stage. All this would have been relevant in the first consideration stage and I regret very much that the honourable member was absent from the House at that time. But it will not be permissible now to go into this detail at this stage. Other-

wise there would be repetition of the whole debate. The honourable member might, therefore, restrict himself to the scope which I have indicated.

Shri M. Tirumala Rao: Well, even with regard to the third reading stage of several Bills, Sir, my experience as a legislator was not so severely curtailed as you have been imposing now—in view of some more interesting legislation that is about to succeed this legislation, I think.

Mr. Speaker: No, no.

Shri M. Tirumala Rao: But even in the third reading stage if we are to confine entirely.....Well, I do not want to argue, I will conclude my speech very soon.

Mr. Speaker: I might just invite the honourable member's attention to a ruling, as he referred to experience in legislation. Here is a ruling by the Honourable the President, so far back as February 1932 on a third reading motion.

A Member proceeded to go into great detail, when the President intervened and ruled:

"The Honourable Member has to speak to the motion that the Bill be passed. All these details have been fully thrashed out during the discussion which took place at earlier stages. The Honourable Member must now confine himself to supporting or opposing the Bill."

That is what I stated. The honourable member may say, "I support the Bill for these reasons", or, "I oppose the Bill for these reasons", and enumerate the reasons—1, 2, 3 and 4, etc.

Shri M. Tirumala Rao: Sir, I support the Bill for these reasons, namely that there have been so many failures of banks on account of dishonest management, and all those things have been taken into account and certain effective provisions have been made in this Bill to avoid those pitfalls. But the Bill is very severely restricted in its scope to commercial banking alone. If you see the figures, we see that the total national income in agriculture, industry and other activities of the nation—as given by some competent writers—is Rs. 2,942 crores for last year, and the total deposits in the commercial banks for the year 1948 comes to about Rs. 750 crores. Therefore, the economic activity of the nation is touched by these commercial banks only to the extent of nearly one-fourth of the total national income. The real banking which is done in the villages by the village moneylender and the *sowcar* and the *chettiyar* and all these people is left untouched by this Bill.

What I want to suggest is that if you want to control the banking activities of this nation and canalise it in more useful ways and see that the effect of the usury of the private moneylender is mitigated, Government must take a more comprehensive measure in order to control all the banking activity of the nation, which is a major portion than that covered by the present Bill.

With regard to the powers that have been given to the Reserve Bank, it has been invested with large powers. It has been made practically the instrument of action for the Government of India and the Reserve Bank has been called a nationalized Bank. For a nationalized Bank it must have a nationalist outlook and exercise its functions in the larger interests of the country. I was following the discussion on the clause which was specially moved at the end, granting indemnity to the officers as well as the Government of India for certain action which they might take with regard to implementing the several sections of this Bill. But it is strange in the free country. There are enough powers in the Bill itself. At every stage you impose certain conditions on the banks, that they must have a certain amount of share capital,

[Shri M. Tirumala Rao]

that their accounts must be according to a standard type, that they must disclose their activities to the public, etc. And when you insist on all these powers that are given in this Bill, I did not understand why you require a special power asking for indemnity from the Courts for all that you do. I am glad that it was suitably amended by the honourable Minister.

But we hope that the drastic powers that are already given to the Reserve Bank will not be used in a manner that will give rise to any partiality or any complaint on the part of the smaller banks. It is the responsibility of the Reserve Bank now to control and order the whole banking system in the country, to put it in order where there are weak links in the chain of banking system and also to see that the provisions of this Bill are properly enforced.

Though the measure with regard to the limitation of dividends has been conveniently shelved for a future occasion, the time must come when we must effectively control banking dividends also. You see now certain shares costing Rs. 100 selling at the rate of Rs. 1,000 or even Rs. 2,000 in certain instances. These profits should be controlled, not only in the interest of controlling inflation but also for setting a limit to the profits that will be accumulated by these banks.

Fortunately, we have seen only one side of the activities of these banks. I wish there were some provision which will make compulsory certain minimum standards of service conditions as well as salaries for the banking employees. If they had taken that into consideration then there would have been greater satisfaction. I have seen the bank employees of the Reserve Bank itself and of the Imperial Bank itself, threatening to go on strike with regard to their emoluments and their conditions of service. I think it is within the scope of the Government to look into that aspect also whenever they brought a comprehensive legislation like this controlling the whole activity of the banking companies.

With these words, Sir, I have pleasure in supporting the motion.

Prof. K. T. Shah: Sir, I am deeply grateful to you for drawing attention to the proper scope of the discussion at this stage of the debate. Even, however, without the favour of this authoritative enlightenment, I have taken this measure in such deadly earnest, and with such profound gravity, that I would not have indulged in any needless diversion of any sort, nor—if I could have avoided it—the repetition of any argument or consideration that I have had occasion, or other Members have had occasion, to advance when several sections came up for discussion individually.

I fear, however, that, in my view, even today, even as the Bill has now emerged after the Second Reading, the Bill is so badly drafted, so ill-conceived, so ill-oriented, so inadequate to the needs of the country, that I have no alternative but to say the Bill be rejected. Sir, it is not because—I trust you will believe me—it is not because the several amendments that I have tried to put forward have been rejected, that I am making this plea even at this last moment that the Bill is in many respects not equal even to the Title that it gives itself, namely, "A Bill to consolidate and amend the law relating to banking companies". It neither consolidates nor amends; and therefore it is as defective as when it started; and as such the draftsmen as well as the author and sponsors of the Bill might take heed and bring before us a better, a more adequate, a more satisfactory measure than has been the case today.

The scope of the Bill is restricted, we are told, to commercial banks only. Yet, there is an argument which shows that the Bill even in the eyes of the

authorities can be extended, or some provisions of the Bill can be extended to other kinds of banks, to all those corporations, like Land Banks or Industrial Banks which we were time and again assured will not be included in the scope of the Bill, if and when an emergency should arise.

Neither the Finance Minister nor any of his advisers can guarantee us against "emergencies" of the type for which section 53 provides. And if there is one case to provide for emergencies, for extraordinary powers, for extraordinary remedies, there is no reason to believe there may not be other emergencies which might also need some special provisions. But in the normal operation of the banks, in several other sections, you should have taken into account the other types of banking which are sedulously ignored in the Bill; and every time even when an attempt was made to bring to the notice of the authorities concerned, the question was deliberately side-tracked because we were told that the Bill does not apply to other types of banks than commercial banking. There is nothing which says anywhere in the provisions that this Bill applies exclusively to that type of banks, and actually there is something to show—I refer once again to Section 53—that it applies that the clause given to us by the Select Committee does apply, it is at least possible that it would apply to other types of banks as well.

Then, I pointed out there is a diversion, there is a conflict, there is an inherent contradiction, in the provisions of the Bill which those at least who had so many years to consider them, who have devoted such sleepless nights and sleepy days to these amendments, should have thought of, and brought before us a more mutually sympathetic internally consistent, coherent legislation than they have presented to this House

I cannot conceal it from myself; nor can I conceal it from this House, that I view with the greatest misgivings this Bill and its several provisions, notwithstanding all the demand that the Honourable the Finance Minister has made upon this House for trust,—the House has no hesitation, I am sure, in trusting the Honourable Minister and the entire Ministry that is working under his supervision, authority and direction. But I do think that it is not too much to say that all men, all human beings are liable to err and even the Honourable the Finance Minister notwithstanding all his mature wisdom, alertness and foresight, will perhaps be sleeping some day. They say that even Homer nods. Is it too much to say, Sir, that Dr. Matthai may be sometimes sleepy both by day and by night and that he is so sleepy occasionally that certain things may slip through without his noticing them. Then it would be the country that would suffer; not the Minister or his underlings.

The provisions of this Bill gave us many thought provoking ideas as regards the possible mischief and harm that the Bill may do in the hands of those who are less careful, less alert, less conscientious than my honourable friend Dr. John Matthai.

[*At this stage, Mr. Speaker vacated the Chair, which was then occupied by Mr. Deputy Speaker (Shri M. Ananthasayanam Ayyangar)*]

I trust we shall be fortunate to have Dr. John Matthai always with us eternally and seriously serving the country. But Sir, may I say without any disrespect that even Dr. John Matthai is not only mortal; he is liable to seek rest and when at any rate after the overwhelming responsibility and burden of his office, he is no longer able to exercise the same sleepless days—now I call them sleepless days—on the conduct of his administration which we are happy today to have.

The provision that he himself pointed out, for example, which needed after the Select Committee stage an amendment by the Honourable the Finance Minister himself, so as to guard his officials of the Reserve Bank—or was it the

[Prof. K. T. Shah]

officer of any bank?—against any possibility of damage or loss that may occur in the *bona fide* discharge of the duties or functions entrusted to him under this Bill. The very fact that there is this danger; the very fact that his attention has at the last minute been drawn to such possibility; the very fact that he is himself afraid that there may be such possibility, is, in my opinion, sufficient argument to show that the Bill is ill-conceived, ill-drafted, inadequate, and, therefore, ought to be rejected out of hand.

The point I am making is this I am not concealing my dissatisfaction at all with the Bill. I have no hesitation in saying that this is the Bankers' Bill, for the Bankers, by the Bankers, which will be administered through the bankers. Nobody else, no other interest not the workers, not the depositors, not the shareholders, not even the country, as a whole has any chance of success under this Bill. I am quite certain that my honourable friend the banker in the House will be very happy and jubilant and he may be very well advised—I know he is well advised—to keep his jubilation to himself. But if he should invite me to share that jubilation, I am afraid he would be sadly disappointed, because I cannot possibly share the jubilation which the masters of money-bags will have, after this Bill is passed and the shares may go up, not only of the Imperial Bank which has not yet been nationalised and is not to be nationalised, but also of the Central Bank which of course is not ever likely to be nationalised if this Bill holds good as imagined by him until he gets into his dotage.

We have been invited to wait till our dotage before we can pass or before we can think of banking as anything like a public utility which may be vested in the state or rather a bank may be regarded as a public utility service. I know it is a private monopoly, almost a closed monopoly, and one by which it is in the hands of the bankers to make or mar the growth of the industry of this country. Dr. John Matthai was modest and honest enough to ask us at least to trust him fully, trust him always. But the bankers do not even make that pretence. They are so certain of their success and their vested interests and roots are so deep in foundation that they do not care a hang whether or not you agree. They do not care for your trust, because they have it already in the shape of your deposits. And if they had not, it will be you who will be penalised, not they, because the Bill says, anything done in what they call "good faith" will not be liable. And who is to search the good faith of these people? After all, we must take them at their word; and "good faith" is one of those commodities which cannot be tested, nor measured, nor weighed, nor in any way found out in a laboratory that a human brain can invent.

Sir, let me give an illustration or two to show why the Bill is unacceptable. I have been pleading even for such a small thing as the revision of the position of the Exchange Banks in this country; and naturally I have felt very disappointed that even when I try to assist the Bankers by securing for them that section of the business which today the Exchange Banks take away from them, even then they distrusted me so much that they would not accept even that amendment from me. They would not have me even though I try to do good.

There is a saying, Sir, that people entertain angels unawares. I know bankers never entertain me, and I have no pretension to be angelic. But in this matter, as in many others, I have tried to fit myself into, not the logical, radical or revolutionary changes that I personally would desire; but in the framework of the society in which I am living. Hence it is that, though I may have exposed myself to being misunderstood, though I may have exposed myself to misconstruction, I can assure you the amendments I had proposed, the changes I had sought to make, were not dictated by any idea to invite or persuade this House to accept my own views, or what may be called

revolutionary measures, to accept what may be called a complete transformation of banking into a real public utility service owned and managed by the State for the benefit of the country.

I had tried to take the House as far as I could go. But the influence of our banker friends, their wisdom no doubt, and their other persuasive powers are so considerable that unhappily my voice remains alone unsupported, melancholy and futile. I can only say this, that in suggesting all the several changes that I have put forward, I have had before me the interest,—strange as it may seem,—of the success of the Banking Service in this country; success by securing the fullest trust in the institutions of the community; success by securing the fullest co-operation of the workers and the ruling powers; success by securing the fullest measure of deposits, so that banking in this country which is, so to say, the key-stone of the economic arch, so to say, the foundation also of our entire economic structure, should flourish, and with that the country. I am afraid that was not acceptable; that was not perceptible even to those who I thought had better vision.

There is an ancient proverb, a classical proverb, which says, "Whom the Gods wish to destroy, they first make mad." I am afraid I am inclined to accept that proverb, and apply it to those interested in banks—those so confident of their power and influence and present position, so confident of the power of their purse, that they will not listen to the words of a friend, they will not think of the foresight and utter disinterestedness with which an advice like this is given, so that they may secure and enlist the fullest co-operation in their service of other sections.

Let this discontent remain, leave this resentment ferment. Let the people feel that this measure is inadequate. Let the people feel that you are only thinking of your own narrow interest, and not that of the country, and believe me, you will not have a long lease.

And let me add. This is not like the Limitation of Dividends Bill intended for two years only. I know you mean it to be a perpetual lease of monopolistic profit that may come to you. But believe me, Sir, that notwithstanding all efforts, you cannot—you cannot—stop light dawning upon the people some day, even though in the press of business some people may at some time feel sleepy.

This does not mean that you will not allow people to wake up at all. People will wake up. And then unfortunately, those like me, who are advising you today gratuitously for a moderate measure of reform may find that people go far beyond even what I would have suggested as right, and then you would have said that you are the harbinger of revolutions. Revolutions, Sir, are not made except by the selfishness, the pettiness, the meanness, the avarice, the greed of people who are in power at the time being. Therefore, Sir, you are laying the foundation for your own crime and your own destruction, if you do not listen to the words of moderation that I have tried time and again to lay before you. You are blinded by your present power. You are intoxicated by your present position. Therefore you will not listen to me. I know however loud, and often quite insistently I speak on this matter, you will think I have a screw loose somewhere. You are welcome to think so, and you are welcome to get any medical man to certify that I am fit for, not this Assembly, but another asylum! Sir, I am not saying it for all, and nobody need wear the cap to whom it does not fit. But, Sir,.....

Mr. Deputy Speaker: I do not think anybody suspects it.

Prof. K. T. Shah: It may be so. But if any suspect it I must give the evidence to make it certain because suspicion may have lack of proof. I am trying to give some sort of reasoning which may be called evidence if not proof.

I know that there are many here, angels without wings, who are feeling impatient at my prolonging this discussion. There are many who feel that I am trying to take up the time of the House to prevent another radical measure. (*Honourable Members*: "no, no. Go on." But I feel I have to say these things, for not only the benefit of this generation, but for all generations to come. I am saying these things not for my own benefit, but to my great misfortune. Believe me, Sir, I also do not wish to be unpopular. I also do not wish to appear to be a lunatic. But I do wish to be taken a little more seriously than some people are inclined to do. Sir, at the risk of being misunderstood, at the risk of not being considered or taken seriously, I have to take this role of a Cassandra and I cannot help saying, if you do not take warning in time, if you will not see the writing on the wall, then please remember you will have to pay a bill, and a heavy bill—not the Banking Bill—when the time comes. The payment will not be all to your liking and then it may be perhaps too late even for me—why even for me—even for Christ reborn to save you.

Mr. Nazirudddin Ahmad: At the outset I am faced with some ironical cheers all over the hall:

I submit that I have tried my best, in my own humble way, to improve the drafting of the Bill. With the main purpose of the Bill I was always in agreement, but the reason why I persisted in moving all those amendments of mine is this: that in spite of the repeated attempts on the part of the Members to have Bills in a better drafted form in the House, our attempts have entirely failed, and it is by way of protest that I had to move some of those amendments.

With regard to the purpose of the Bill, as I have already submitted, I am in full agreement that the banking business of the country should be placed on a firm foundation.

Bank failures, especially in the province from which I come, that is West Bengal, have been many. But the failures are not always due to their being small banks, or their being mismanaged or because there was fraud. There were some cases where these reasons operated: but to a large extent they were also due to certain economic factors which were the direct result of the Government's monetary policy. In fact, this point to my mind cannot be overestimated. The Government's monetary policy, though it is in a much improved from today, has lent itself too much talk in the House and outside the House of exappropriation, of nationalization, of limitation of dividends, or removing capitalists and all such things. These are, I submit, most mischievous pious wishes having disastrous consequences on the credit system of the country.

Shri B. Das: Why mischievous!

Mr. Nazirudddin Ahmad: It is not mischievous in intention but in its effect. These opinions are held by those persons whom I hold in high esteem. They are the great patriots of the country. But I submit they have not got the experience and the insight into the inner workings of the economic system of this country. In driving out the capitalists and the industrialists we fail to realize that we are also driving out of existence a large number of middle-class investors in this country. In fact, this is not the time to dilate upon that subject in detail. But the disastrous effect of the Government's

monetary policy was to seriously depreciate the share values all round of shares held by some small banks against which they had advanced monies to constituents. A number of first class shares were held by them as security for the money advanced. On account of the financial policy, the share values crashed, the banks wanted to realise their securities, large blocks of shares were thrown on the unwilling market and the result was further depression, and we find the market in a seriously depressed condition; and the banks failed.

There are honourable members in the House who are absolutely contemptuous of market conditions, market credit and such other things.

Shri B. Das: Not credit, but market gambling.

Mr. Naziruddin Ahmad: Here is one distinguished Member, famous for his economic knowledge, and a veteran, who says that it is market gambling! I submit that there are speculators and gamblers in the market but it is hardly realized that the middle class form 80 per cent of the holders who are investors. In fact, there are large numbers of middle class people who really are the investors in the share market. The confidence of these people has been shattered. Government have been certainly trying their best to restore this credit but one fact should be realized that it is easy to destroy credit but it takes a long time to re-build it. I think the little sops given out here and there are not sufficient to restore confidence. There is always the threat, there is always the talk of nationalisation, dividend limitation and expropriation which stagnate and depress the market. This is the direct result on our monetary policy as a result of which many small banks have failed.

I have pointed out that the bank failures are not necessarily due to fraud or mismanagement. True, there are many banking houses which failed on account of this. But this does not apply to all. I have a feeling that there runs through the Bill a policy to support big banks against the small banks. There has practically been an undeclared crusade against small banks which may not be very obvious. In fact there are conditions in the Bill requiring the small banks to capitalise themselves adequately. The more they want to extend the more handicaps are placed upon them that they must have more and more capital. So these conditions are so many handicaps imposed upon them at a time when they are heroically struggling for their business and trying to stand on their legs. This additional condition of requiring more capital cannot be and should not be indiscriminately imposed.

I submit, the small banks should also get the support of Government. If they are destroyed, the middle class people who require banking facilities will suffer very much. The great banks are like so many octopus institutions. They are gigantic institutions which will swallow up the smaller banks. That is a consequence which should be prevented. I request the Honourable Minister to keep a close watch on this tendency. He has a sympathetic heart and an understanding mind. I hope this advice—though it may look gratuitous is *bona fide* advice—will be carefully noted and the small banks saved. I hope this banking legislation would not be treated as a measure for enforcing discipline, and I am suggesting that this legislation should be applied with caution and with sympathy so that the smaller banks may be enabled to stand on their own legs.

There is a clause which empowers Government to make any changes they like in the application of this measure. That was objected to in the House. That is certainly a mischievous clause, but it could be applied to good purposes too. With regard to the small banks, if they are in need of some assistance and exemptions from the rigours of the provisions of this

[Mr. Naziruddin Ahmad]

enactment, they should get it. Everything possible should be done to assist them. The Government should try to restore confidence which cannot be done, as has been found by experience, by mere sweet words. Continued efforts in this direction are needed and I hope such efforts would not be lacking.

I do not wish to take the time of the House any more. I submit there are many examples of wrong punctuations which would require adequate treatment at the hands of the draftsmen. I do not envy the work of the draftsmen. Last year we had something like 67 or 68 Bills placed on the Statute Book We are working at high pressure so far as legislation is concerned. This imposes an additional strain on the draftsman. Although I have criticised their performance, I have not done so in any fault finding spirit. I have every sympathy for them. In fact, the work they have done should be characterised as heroic, in view of the difficult nature of work and the largeness of the output. But I submit, a little more care should be bestowed on the revision of the Bills. The Drafting Department perhaps suffers from dearth of hands. If so, the Department should be adequately strengthened. (*An Honourable Member*: "Retrenchment.") There should be no retrenchment of real ability. A little extra money, if it is needed, should be found for the purpose, as otherwise, one cannot imagine the amount of mischief that will be done. Legislation of the kind we are passing would increase litigation. The very lawyers in this honourable House, whom we look upon with some benevolent contempt, will reap the benefit of legislation of this kind. In fact honourable members can hardly realise the little dangers that lurk in the innocent-looking commas and the small words like 'the', etc. As I submitted the other day, a very great deal of trouble was caused in the Federal Court the other day by a simple comma and the word "the", and Shri K. M. Munshi had to fight hard to find the meaning of a provision. I submit that the High Courts and the Federal Court will have more and more to do with faulty drafting in future. In the interests of national economy and in the interests of good legislation therefore the drafting Department should be strengthened. With due respect to them I must say that that Department requires strengthening.

The Bill, as it is, well conceived, though I would have liked to introduce a few more changes here and there of a substantial nature. On the whole I must repeat that the Bill is well conceived.

At this stage I may say something about the liquidation of banks I have already submitted that the liquidation proceedings may give rise to difficulties. Reserve Bank under this Bill will be appointed liquidators when they apply for liquidation. But this does not follow when liquidation proceedings are started by third parties. I wanted to introduce an amendment providing that in cases where third parties start proceedings for liquidation, the Reserve Bank should normally appoint the liquidator. I was then met with the supposed difficulty of throwing more work on the Reserve Bank which this procedure would have involved. Thereupon I suggested as an alternative that a nominee of the Reserve Bank should be appointed liquidator. This too, for some unaccountable and insufficient reason, opposed. My object was very simple and it would have added nothing much to the work of the Reserve Bank. The House will see that the Reserve Bank is being given extraordinary powers and the entire responsibility of watching the development of banking in the country is placed in their hands. The provision in regard to this created so much emotion in the House. I submit the Reserve Bank has great duties and responsibilities. My suggestion was

only to add a small additional duty of suggesting a suitable liquidator. The honourable Minister thought that that would put some responsibility on them of having a control over the liquidators. It is nothing of the sort. My idea was that they should select a panel of liquidators of competent men. It was said that there may be bogus applications. True, there may be; but that is not the point. The question of appointing a liquidator, even on a bogus application, lies with the Court. If the Court is willing to appoint a liquidator, all that I wanted was that the Reserve Bank should at least suggest a nominee or nominate somebody.

Shri B. Das: You are again on the question of liquidator?

Mr. Deputy Speaker: The honourable member has referred to certain points which may be answered. But there is too much argument. I would ask honourable members to confine their observations to the salient points at this stage. I see that the honourable member is not objecting to the third reading of the measure.

Mr. Naziruddin Ahmad: I am really surprised at the objection taken by Shri B. Das. My argument is at least more relevant than the argument of the nationalisation of the Imperial Bank and the crushing of the Reserve Bank.

Shri B. Das: Why do you not speak on that?

Mr. Naziruddin Ahmad: If that was so relevant on the second reading, my speech is relevant at the third reading. In fact, that was absolutely irrelevant. I submit, I do not rely upon that kind of relevancy to justify my speech. I have suggested the points, and I submit that the Honourable Minister will carefully watch developments, and if necessary, bring in suitable amendments to bring the law into line with experience.

Pandit Lakshmi Kanta Maitra: I think my honourable friend, Dr. John Matthai deserves the congratulations of this House for successfully piloting this measure in this House. I do not know if many of us realize the importance of the piece of legislation that he has successfully carried through. There have been for a very long, long time past, a crying demand in the country for effecting a thorough change in the banking law of the country, and my honourable friend, Dr. John Matthai has not come a moment too soon, when he brought this Bill before the House. No doubt, there are many things which could have been added to this Bill. No doubt, there are provisions, which I do not like, and over which I do not feel myself happy, but on a balance of considerations, I am perfectly prepared to say that this tentatively, at any rate, is a very good measure and it will, if worked in proper spirit and with due vigour, not only by the officialdom, but by those who give tender advice to the officialdom, will certainly inure to the benefit of this country.

I can well appreciate the amount of labour and patience bestowed on it by my honourable friend, Dr. John Matthai. Probably, we are making a fun of the fact that he has been passing nights sleepless, days sleeping. It is true his tell-tale eyes would tell you that, and those who know Dr. John Matthai will agree that he is a very serious-minded man, and wherever he sets his hands upon, he does not mean any rest, and from that point of view, I appreciate the labour, more so, that within less than two weeks, he will be called upon to tell to the country the fruits of his wise and mature experience as an economist of outstanding repute in this country. I do not know, his performance will be worth clapping at that time. But in any case, I have no manner of doubt that that will cause the remaining days his most anxious consideration.

[Pandit Lakshmi Kanta Maitra]

Having stated that eulogistic part, which I feel is duly deserved by him, I would like to sound a word or two of caution. I had many things to say, but the formidable array in the right and left galleries make my heart shrink for there are more interesting things expected to follow. But may I tell you, Sir, that this Banking Bill, as it is going to be enacted into law, will be very carefully watched, not only by the commercial interests in the country, but also by the people at large, who have anything to do with the economic amelioration of this country.

Speaking for myself, I am that type of an unfortunate man who has always been a victim of indigenous banks. I refer as to how I lost a fortune more than 2½ decades ago. It was my father's property and victimised by a bank, which in the process of liquidation gave me two pies for every Rupee; also in recent times the bank clashes in Calcutta brought me misery in certain banks and I feel as an ordinary citizen that these banking crises could have been avoided if the Banking Bill had been introduced and passed, though in this form, at any rate, six months before. The ordinance was there; ordinances serve little purpose and the ordinance, perhaps, could not be fully worked in the letter and spirit in the way in which it was conceived. Members after members have pointed to the Honourable the Finance Minister that by this Bill enormous powers and responsibilities had been cast on the Reserve Bank. I admit that some responsibility is devolved on them, but the Reserve Bank itself must try to be worth of this responsibility.

My honourable friend, the Finance Minister seemed to resent an observation made by my honourable friend, Mr. B. Das, when he made a very unkind remark about the Reserve Bank. Well, I might tell my honourable friend, Dr. John Matthai that Mr. Das did not mean the interpretation produced in the way in which he did. My honourable friend, Mr. Das had in his mind the Reserve Bank of the previous days, not before its nationalisation when this Reserve Bank, like the Government of this country, was under foreign rule and under foreign control, and the Reserve Bank was simply functioning as an outpost of the Bank of England and until recently, it had been functioning like that and its past role, its first performance with all respects to my honourable friend.

Srijut Rohini Kumar Chaudhuri: On a point of information, Sir, have the electors of the Reserve Bank since been changed?

Pandit Lakshmi Kanta Maitra: Not being myself on the Reserve Bank or in any way connected with the Finance Ministry, my honourable friend has asked the information from a very wrong quarter.

I would like to suggest to my honourable friend that though it has been a major piece of legislation since he took over charge of the Finance Ministry, of which he might well feel proud, he should not allow his laurels to rest on this, if the provisions of this Act are to be operated properly, effectively, efficiently, then the next step he has got to take it to bring out an amendment of the Reserve Bank of India Act. The Reserve Bank of India Act should be modified, drastically modified to suit the changing conditions and to make it such as to accept the onerous responsibilities that are sought to be cast on the Reserve Bank. (*At this stage Mr. Speaker resumed the Chair*). In the past we know that the Reserve Bank could not discharge its duty which was enjoined on it by law, and with regard to financial accommodation to struggling banks or to agriculture or other things, the record of the Reserve Bank was not
4 P.M. bright. Today, the Reserve Bank has got to be developed in such a way and its staff has to be substantially increased, not only numerically

but qualitatively. I am not talking of quantitatively only. A sufficient number of the staff has to be trained to cope with the work which this Act envisages for it. In the past, the inspectorate staff was not to be found in sufficient numbers to look after the Scheduled Banks. It is a pity that many of the Schedule Banks collapsed. The people have always the impression that the Schedule Banks have attained a certain measure of security; but the disillusionment came very soon that that was too weak a reed to lean upon. I, therefore, respectfully request my honourable friend the Finance Minister to take up the question of bringing in modifications to the Reserve Bank Act to bring it into line with the Act which has just been passed. I hope to see the day when the Reserve Bank would be the fountain head of all banking activities in this country and would, in the words of Bagehot, be the lender of ultimate resort in this country, a powerful monetary organisation, from which all the other minor credit organisations of the country would draw inspiration and guidance. I look forwad to the day when my honourable friend Dr. Matthai would do it and I hope he will tell us something today that he has such a measure in contemplation in the near future. If that is done, I am sure, the Honourable Dr. Matthai will have taken the country a long way towards the stabilisation of the economy of the country.

Before I close, I should like again to convey to my honourable friend, Dr. Matthai my hearty congratulations on the very good performance he has made. He has every reason to be grateful to the house, for, the house has not taken an undue time. A Bill like this, in normal times, would have taken one full session, if we had not that kind of pressure from other quarters. I may tell you that this Banking Bill would have given us food for consideration for six weeks. Not that we would have taken the time on frivolous speeches; there are so many sides to the question.

We may have brushed aside whatever Prof. Shah has said. Unfortunately, my honourable friend Prof. Shah is the forlorn champion of all lost causes in this House and in the constitution Hall. I have every sympathy for him. But there are certain matters and certain points which would have to be fitted in. Of course, that is an absolutely different matter from the set up and present scheme of the Bill.

I hope Dr. Matthai would keep in view the few observations. I have made and keep a close watch with the eyes of an Argus on the activities not only of the Reserve Bank, but of all the Banks. Let the apprehensions of my honourable friend Mr. Naziruddin Ahmad that it is only the big banks that will be protected and fostered and that the struggling small banks would be smothered out of existence, be belied by his vigilance, by his superintendence and control.

Shri M. Ananthasayanam Ayyangar: I will take only five minutes. But for the fact that my honourable friend Prof. K. T. Shah, after all the labours that we have spent over this Bill, still struck a discordant note, a highly pessimistic note, I would not have cared to intervene in this debate at all. Far from saying that this Bill ought not to be passed or ought to be withdrawn, I will certainly urge upon the country that this is a land-mark in the history of banking legislation in this country. I am aware that good banking is the soul of the commercial and economic life of any country.

Under this Bill, the Reserve Bank has been clothed with powers of superintendence and control in every form and shape over all the banks in this country. The Reserve Bank is a national Bank. Therefore, though not directly, but indirectly, we have got an absolute control over the entire banking system. Today, we have also passed another clause giving immunity to all the officers of the Reserve Bank and the Government also to intervene without any diffidence in appropriate cases. If they interfere in proper cases and in good faith, they will have all the support and they will

[Shri M. Ananthasayanam Ayyangar].

be exempt from any of the damages for which they may otherwise be responsible. They may go ahead straightaway and with their rich experience, we may nationalise the entire banking system of the country. Before that, the Imperial Bank will have to be nationalised. But, this is not the time, when, according to the Finance Minister, we should take immediate steps for the nationalisation of the Imperial Bank. I would ask the Reserve Bank officers to be careful. We have made the Reserve Bank the master bank of all banks in this country and clothed the Reserve Bank with enormous powers. If they use these powers inadvertently, it may end in danger to the entire banking system of the country. With that note of warning, I would say that we have embarked upon a piece of legislation which will certainly be regarded as the first step towards the nationalisation of the entire banking system in this country.

Before I sit down, I would like to remove some misapprehensions that are lurking here and there that under this Bill, foreign banks are no longer safe to carry on their business. I have heard such reports. Far from that. In the previous Select Committee, the Managers of Exchange Banks and other Banks in this country were given full opportunity to lay their case before us. We considered that both in that Select Committee as also in this. There is nothing in this Bill which tries to put unnecessary restrictions on foreign banks. On the other hand, we are erring on this side. We want to make it convenient for all banks here and we have not made any discrimination between one kind of bank and another.

We have made an improvement over the Select Committee in that we have reduced the voting rights from ten per cent. to five. My honourable friend Shri T. T. Krishnamachari was not satisfied in that we inadvertently did not allow this restriction on voting rights to all banks irrespective of the quesion whether they came into existence before 1937 or after 1937. With all the effort, what we have done is to restrict the voting rights in respect of those banks which came into existence after 1937 and not before 1937. It applies only to new banks. We did not contemplate this, the other amendment having been rejected. It will be time for the honourable the Finance Minister, after some experience, to consider if this restriction ought not to be imposed even with respect to the banks which came into existence before 1937.

Sir, the reduction from forty to thirty per cent. regarding the amount which could be invested on pledges and other banks, is also a wholesome step that has been taken on the floor of the House after the Bill emerged from the Select Committee. Far from being diffident and pessimistic, I would congratulate myself, congratulate the House and congratulate the Honourable the Finance Minister for having introduced this legislation of which all of us can be proud. I am sure, with the careful working of this Act by the Reserve Bank, the entire economic system of the country, the trade and commerce of the country will once again be placed on their feet and we will inaugurate an era of economic prosperity in this country.

Srijut Rohini Kumar Chaudhuri: I also pay my humble tribute to the Honourable the Finance Minister for his safely piloting this Bill. Ministers have come and Ministers have gone during the last six years. It was left to my honourable friend Dr. John Matthai to bring us to the position of having a Banking legislation, after all.

The House will remember that in 1944, such a Bill was first introduced in this House. After the lapse of two years, in the budget session of 1946, Sir Archibald Rowlands introduced another Bill of an almost similar nature. That also was referred to the Select Committee. Then, the Finance Minis-

ter, Shri Shanmukham Chetty thought it best to withdraw that Bill and bring out a comprehensive Bill. That is how this Bill has come before the House.

I welcome this Bill in a somewhat limited sense. I am perfectly conscious that this Bill will, as has been stated by my honourable friend the Deputy Speaker, certainly enable our country to compete with other countries in so far as banking is concerned. To that exent I am proud of this legislation.

But I am afraid that a point which I had tried to make out for the last three years on the floor of this House and for which I had received diverse criticism as well as assurances from the treasury bench, has been entirely overlooked in this Bill also. If I may quote from the speech of my honourable friend the present Governor of Assam, His Excellency Sri Prakasa, he said in the course of a speech which he delivered on the Bill of 1946.....

Mr. Speaker: Is it a very long quotation?

Srijut Rohini Kumar Chaudhuri: No, Sir, it is just three lines. (*An Honourable Member*: "But you are taking five minutes to find it out.") It is difficult to find it out. He says:

"The main objects of every piece of banking legislation in our land are only two so far as I can make out. One is that we should try to encourage small banks, and the other is that while encouraging small banks we should also protect the depositors' money and make sure at the same time that the indigenous banking system on which so much of our village economy depends, as borne out by the Reserve Bank report itself, is by no means destroyed."

Then he says. (*An Honourable Member*: "Go on, go on"). This is only two lines. He says:

"I had a long interview with Sir James Taylor whom I knew and who was then the Governor of the Reserve Bank. A sentence of his in the course of his conversation greatly struck me. He said 'with a Reserve Bank functioning in the country'—these are very important, I am quoting his words so far as I can remember them—'there is no chance for small banks'."

That is an opinion which has been expressed by Sir James Taylor, Governor of the Reserve Bank and his opinion is that with a Reserve Bank in this country there is no chance for small banks. My point is this. If that is the considered opinion of a Governor of the Reserve Bank, what chance have we now when in this piece of legislation we are giving so much powers to the Reserve Bank itself. It may be said that the Reserve Bank is no longer the Reserve Bank of some years ago. That is quite true and we have nationalised the Reserve Bank. But it seems to me that things continue much the same as before because there has not been any material change in the mode of management or in the Directorate itself. So I would only ask the honourable Minister to see that the power of the Reserve Bank is not abused and that on the other hand it is rightly exercised for the interests as far as possible of the small banks also.

I have to observe with great regret that so far as the past dealings of the Reserve Bank are concerned towards the small banks or the Provincial Banks, apart from big banks like the Imperial Bank or Central Bank, the attitude of the Reserve Bank has so far been unsympathetic. Let us for a moment turn to the events of the last few months. Not to speak of ordinary banks, even scheduled banks have closed the doors. It was expected that steps would be taken in proper time by the Reserve Bank to prevent such a catastrophe. I understand that the benefit of scheduling a bank is that you get a thorough watch over the affairs of that bank, that in case of an unforeseen emergency the Reserve Bank will always come to its aid either by granting momentary assistance or by taking steps to have a moratorium. But nothing

[Srijut Rohini Kumar Chaudhuri].

of that kind was done in the last few months and four or five important scheduled banks closed their doors. So it is all very nice and creditable to have a legislation of a first rate order, but all the good intentions of the Honourable Finance Minister and his colleagues may entirely fail if the law is not faithfully carried out. Therefore I would ask the honourable Minister to give me an assurance, if possible, to have a close watch on the working of some of the clauses to which I had taken some exception, namely clauses 11 and 23. Both of them relate more or less to banks of undeveloped Provinces.

I had yesterday expressed some doubt about the utility of clause 53 and I thought it was better to mention such exemptions all at once. But having gone through the clause again and having considered the reply which was given by the Honourable the Finance Minister I revise my opinion which I had expressed yesterday with regard to clause 53. I would very much welcome the application of clause 53 so far as banks in my Province are concerned. I think the words "banks or class of banks" can also be interpreted to include an exercise of the power under clause 53 so far as small banks and banks of undevelped Provinces are concerned. If my interpretation of clause 53 is correct and if the Honourable the Finance Minister gives me an assurance then I think this clause would rather be a boon to us than be a drawback.

It is not the first time that I have raised such points. In 1946 I had protested against this Bill for this very reason. Some of my honourable friends in this House have misjudged me. They consider the Hindu Code to be more important than this Banking Bill. I welcome them to their opinion. But so far as I am concerned, so far as the economic condition of my province is concerned—which honourable members of this House are very well aware of—we are trying to march with the rest of the progressive Provinces of India. We are far behind them, but still we are making our humble efforts. We want good banking in our Province, we want good indigenous banks, so that we may be able to emulate our more fortunate and more advanced brethren of India. In this attempt of ours let there be no cold water throwing. Let me do what I can for the benefit of my own Province in order to get economic advancement.

At that time the Government of Assam expressed a very strong opinion against the Banking Bill of 1946 in regard to these very clauses. They said:

"I am desired to emphasise the peculiar position of Assam which has not only not reached the stage of development in banking attained by other provinces but is peculiarly dependent on Bengal and Calcutta in particular in banking matters. For this reason it might be advantageous to reword the provisions of clause 11".

That is the very clause which I am referring to now.

"So as to impose the desired restriction not according to provincial limits but in respect of economic zones or Regions according to which Assam would be included with Bengal."

Shri B. Das: Were you a Minister there at that time?

Srijut Rohini Kumar Chaudhuri: I was here at that time.

After this Bill of 1946 was referred to a Select Committee in the beginning of 1947 Budget Session a new Bill was introduced by Mr. Liaquat Ali Khan, who was then the Finance Minister. In that Bill he sought to restrict the opening of new branches. That is my quarrel. I am beginning in my province to develop banking. I am now beginning to open new branches. If at this stage you restrict the opening of branches in that province banking in that province would not be fully developed. I raised that objection also in the beginning of 1947. In reply to that the then Finance Minister said:

"There was another point which was raised by Mr. Sanyal and I think my honourable friend, Mr. Rohini Kumar Chaudhuri also referred to it: as to how the penal clauses of this Bill will be given effect to....."

The other point was that with regard to the future, the Capital Issue Department should be more liberal, so far as the issue of capital was concerned and I think Mr. Rohini Kunar Chaudhuri wanted to know with regard to his province of Assam in particular. It is the desire of the Government that banking in this country should expand and should flourish. It is the desire of the Government that banking business in this country is carried on on right lines and I can assure my friend that if any issue of capital will assist in that direction the people of Assam, the Department will not hesitate to help the people of Assam, in developing their banking facilities."

All that I can say is that the good wishes of the honourable Minister were never carried out. I had made several efforts to increase the issue of capital in some of my banks and I have never succeeded. My complaint is this. On one hand you are telling me that I cannot have any branches in Calcutta, a city with which we are directly connected. You say that I cannot have branches in Calcutta unless I have a paid up capital of ten lakhs. I know of one bank which is the best in Assam and it has only a paid up capital of five lakhs. I am prepared to have more paid up capital. If you will give me the opportunity the banks in Assam will be prepared to increase their paid up capital. If I ask for the necessary capital issue various suggestions and various difficulties will be thrown in our way and the ultimate result will be that no further capital issue will be granted. I am speaking from actual experience. I have branches in one or two places. I want to expand my business. The banks of outsiders in my province have ruined our poor villagers. There are no millionaires nor rich men in our province. There are few among us who have a lakh of rupees. During war time the poor villagers earned more than they usually did and they put their earnings in the banks but these banks were closed. The people who managed these banks had no public opinion of the province to fear. If these banks were managed by our own people they would have a sense of fear, they would have to fear public opinion. They would have realised that living among the people if they cheated them they will come down on them.

Now if the banks that are already there want to expand their business and have their branches in several parts of the province, what is the condition? I must have more money but where am I to get the money from? Capital issue will not be granted. Besides after the failure of so many banks in Assam people are naturally shy, at any rate shy of non scheduled banks. We want to make our banks scheduled banks. We want to raise more capital and what is the reply of Government? No. More capital issue cannot be granted. This is my difficulty.

I congratulate again my honourable friend the Finance Minister. He has been able to pilot a Bill of this momentous nature without a single harsh word to anybody. I admire him and I congratulate him for the fact that he has been able to get this Bill passed without a hitch. But I beg of him to hold his hands. I implore before him on bended knees that he should have some sympathy to the poor province of Assam.

The Honourable Dr. John Matthai: I have no desire at this time of day to make a speech because I find most of the matters which have been raised in the course of the debate on the Third Reading are matters which have already received sufficient attention at the hands of the House. Various suggestions have been made regarding the working of the Bill when it becomes law. I should, of course, keep them carefully in mind when I come to deal with the problems that may arise in connection with the administration of the Bill. All that I want to do now is to thank the House for the patience and consideration which honourable members have shown me throughout the passage of this difficult Bill, and to express the hope that the Bill, when it becomes law, will mean a substantial step in forwarding the cause of progressive banking in India.

Mr. Speaker: The question is:

"That the Bill, as amended, be passed."

The motion was adopted.

HINDU CODE

Mr. Speaker: The Honourable Dr. B. R. Ambedkar.

Pandit Thakur Das Bhargava—*rose.*

Shri Jaspat Rai Kapoor (U.P.: General): Mr. Speaker, Sir, I have to raise a point of order which, if accepted, will bar any further discussion on the point of order raised in the previous session by my honourable friend Mr. Naziruddin Ahmad. I therefore submit that I be permitted to place my point of order for your consideration.

Mr. Speaker: As Pandit Thakur Das Bhargava was on his legs, I think I ought to hear him first. I do not anticipate what he is going to say; I have my own views on the point of order raised but I will consider what Pandit Thakur Das has to say.

Pandit Thakur Das Bhargava (East Punjab: General): Sir, on the last occasion when the motion was made by the Honourable Dr. Ambedkar, Mr. Naziruddin Ahmad took a point of order on the point that the Bill considered by the Select Committee was not the Bill referred to it by the House. While that point was being considered, I was submitting for your consideration some grounds why the point of order was of great substance. While that was being done, you were pleased to stop the discussion and shorten the matter, as would appear on page 778 of the Proceedings, dated 31st August 1948. At that time, Sir, you were pleased to tell us what was passing in your mind and you told us that you will consider at the proper time two or three questions which are given on page 779 of this report. The two questions which seemed to agitate your mind were, firstly, whether the Select Committee went out of its way and went beyond the scope, and secondly, whether the Select Committee has gone beyond the scope of the reference. These were the two questions. The debate was taking place when ultimately you decided as given on page 780, that you would study all the facts and then give a ruling. With regard to that, I beg to lay some points for your consideration in regard to the point of order raised by Mr. Naziruddin Ahmad.

Mr. Speaker: As I see from the report, what I stated there was this—I have not got the printed report but I have got the proof-sheets here. After the Honourable Member Shri Biswanath Das had raised a point, I stated as follows:—

"As I said, I am not deciding this matter at all. I am keeping open the whole thing including the point of order, because it will be seen that it involves large questions of fact and I must study all these things myself, which I have not yet done. Shall I leave the matter as it is?"

Therefore, I left it for me to study it and I can now say that I have studied it. Whatever may have been said by honourable members with reference to the point of order, I have studied the report of the Select Committee, I have studied the first Bill and I have studied, of course, the other draft which was alleged to have come before the Select Committee. If the honourable member has to say anything with reference to that he may.

Pandit Thakur Das Bhargava: It is only with reference to that that I propose to speak just now. As a matter of fact, I also raised this very point of order, but Mr. Naziruddin was more fortunate in catching your eye. Therefore, I have something to say on this point.

Shri Mohan Lal Gautam (U. P. : General): On a point of order to this point of order, Sir, according to the Rules of Procedure, I do not find any provision for any point of order after a report has been presented to this House. I would request the honourable member to quote that rule so that I may consult it and see for myself whether the point of order raised by the honourable member is not out of order.

Mr. Speaker: These are obvious matters which need not be argued. If we differ on the substance of the matter, let us devote time to that substance rather than take up the time in the technicalities of the matter. If people are against the Code then it is a matter of substance. If they are in favour of it, even then it is a matter of substance. But let us not take the time of the House in technicalities.

Substantially, the point of order mentioned was that the Bill which was referred to the Select Committee was, on facts, not the Bill which the Select Committee considered and that therefore the report is based on something else. That is the point of order, put in short, and on that point of order arguments were addressed. If the honourable member Pandit Bhargava has to address or speak on facts, matters would stand differently; the matter is, I believe, covered amply by what Mr. Naziruddin Ahmad has stated. Has he to invite my attention to any other facts?

Shri Jaspat Roy Kapoor: May I respectfully request you, Sir, to permit me to place my point of order before you? It relates to the competency of this House, in the present session, to deal with this question at all; also, whether the point of order raised by my friend Mr. Naziruddin should be discussed in this session at all? For, if my point of order is accepted it will shut out all discussion on the subject in the present session.

Mr. Speaker: I think I will go step by step. Let the first point of order be disposed of. Assuming that the first point of order goes in favour of the Bill, then the second point of order which the honourable member has raised is competent and therefore he may raise the point later on.

Shri Jaspat Roy Kapoor: My submission is that even the discussion of the point of order raised by Mr. Naziruddin Ahmad is a point which should be considered by this House and the question is whether it is competent to discuss the subject at all.

Mr. Speaker: I do not agree that I should take that point first. It will be for the Chair to decide whether the Select Committee considered the Bill that was referred to it or something else, and whether, therefore, its report should or should not be taken into consideration. After that is decided, it is perfectly competent for the honourable member to point out to me any points or any law or any practice by which this House is not competent to take into consideration the present Bill. That is the better way. Let us save time.

Shri Jaspat Roy Kapoor: May I say one word, Sir?

Mr. Speaker: No, no. Pandit Bhargava.

Pandit Thakur Das Bhargava: Sir, I only propose to lay before you some facts and some law as it would apply to those facts. For instance, I beg to point out that the proceedings before the Select Committee was an abuse of the rules of this House. The privilege of this House has been violated by the Select Committee and by the procedure of the Law Department. Secondly, if my facts are correct, another Bill was considered and not the Bill which was referred to it by the House. The question which arises then would be a question of law, whether such a procedure was justified and whether this House should consider this report as a report on this Bill which was referred to the Select Committee or whether it is a document which is not valid in law and is not a legal document. I will therefore confine myself to the two types of questions which I submit are quite related. In regard to the substance also, with your permission, I will subsequently have something to say provided your ruling is that this question is also relevant. In my humble opinion, the question divides itself into two parts. Number one, whether the report which has

[Pandit Thakur Das Bhargava]

been presented to the House is a good report from the procedural point of view. Number two, whether the report has gone beyond the scope of the Bill. I propose to address the House on the second question subsequently.

First of all, with your permission, I will address the House on the first question before laying certain facts before the House. My humble submission is that according to what we have got in the Select Committee's report and from the papers which have been circulated to us and which are found in the Library, I have come to the conclusion that after the Bill was referred to the Select Committee, the Law Department just substituted another Bill for this Bill, and this Bill was considered by the Select Committee. I do not know whether these facts are absolutely correct, but I have consulted some members who were in the Select Committee and they have informed me about it and at the same time from the report of the Select Committee also it appears that as a matter of fact.....

Mr. Speaker: I am afraid the honourable member is practically repeating what the honourable member Mr. Naziruddin Ahmad has said. It is the same thing. I have gone through the report myself bearing in mind the points raised and while I would like to give the honourable member the fullest liberty to place any other facts not included in Mr. Naziruddin Ahmad's speech, I do not think we should go into the same repetition.

Pandit Thakur Das Bhargava: I do not like to repeat. I only want to know if these facts are taken to be correct. If ultimately another honourable member gets up and says these facts are wrong, then the whole argument would fall down. Therefore, I want to place before you how I have come to the conclusion that these facts are correct. If you take them as correct, I do not want to trouble the House and your goodself. I submit that as a matter of fact it appears from the report of the Select Committee itself that the substituted Bill was alone considered, because from the majority committee's report as well as the dissentient's report it appears that no other Bill was considered and the Bill which was referred to the Committee was not at all considered.

Now, Sir, Dr. Ambedkar has kindly placed before us a comparative statement. If you will kindly see these tables, there are two parts, one shows how from this Bill the original Bill was different. He has given another table showing the difference between the Draft Bill and the Select Committee report. This also shows that only the re-drafted Bill was considered and not the original Bill. Anyway, taking this to be the right thing, if it is accepted that the re-drafted Bill was only considered, the question arises before you whether the re-drafted Bill could be considered by the Select Committee or not, and if this action of theirs is not tantamount to the breach of privileges of this House as well as abuse of the powers that this House granted to the Select Committee. Now, Sir, I may not be taken to say that there was any wrong motive behind it; such a course may have been intentional or non-intentional; it may have been done with the best of motives or with the worst of motives; I am not concerned with that. I am concerned with one central fact that the original Bill which this House referred to the Select Committee was never considered by the Select Committee.....

The Honourable Shri K. Santhanam (Minister of State for Railways and Transport): On a point of order. I wish to know whether this House can go into the manner in which a Select Committee has dealt with a Bill. In that case, it would require verbatim reports of all proceedings in a Select Committee. We can reject the report or accept the report or do anything with the report, but how the Select Committee dealt with it is a matter which, I think is not

relevant and it is not the practice of the House either to go into it. Otherwise, every future Select Committee will have to give us a verbatim record of its proceedings, so that we can judge of the propriety.....

Mr. Speaker: I am afraid various points of order are being raised and stated too widely. As regards the present point, if the position is that the Bill which was sent by this House was not considered at all by the Select Committee, I think it would be perfectly competent to go into the question as to whether the Select Committee did or did not cossider. Then the question will arise as to how far it would be permissible to go into the proceedings of the Select Committee and to that my present reaction is that this House or myself will not be sitting as a fact-finding committee or court, but we shall take into consideration—we are entitled to take into consideration—what the Select Committee itself has stated in its report, and therefore, the matter will be more or less one for inference—coming inferentially to some conclusion as to what the Select Committee did and not by taking evidence of every member of the Select Committee and taking extra evidence. Now, I may point out to my friend Pandit Bhargava, that in spite of all that he has said the argument is not being advanced any further. Whether you call it a breach of the privileges of the House or abuse of procedure, the argument, in short, comes to this—that the Select Committee considered a substitute Bill; that it did not consider the original Bill sent by this House, and that this conclusion is based on certain remarks or observations in the Select Committee report—majority as well as the minority report—and therefore he infers—to state more correctly—from those documents that the original Bill was never considered. That, in short, is the point of order. The question of breach of privilege or abuse of procedure will arise, if we come to the conclusion that the Select Committee did as he infers, but if we come to the conclusion that the Select Committee was not guilty in the manner in which he infers it to be, then the question of breach of privilege or abuse of procedure does not arise at all. I can assure honourable members that I have carefully gone through every point that the honourable member is going to read from the report of the Select Committee and, perhaps, something more also, and I have my own conclusions about it. I think I can make the whole thing short by stating what I have felt about the Bill and decide the matter rather than take up the time of the House. That is my feeling in the matter. (*Some Honourable Members*: "Quite so, Sir.") Anyway, we are not going to finish this Bill today. We can just clear the ground and I think without further going into arguments, I may perhaps.....

Pandit Thakur Das Bhargava: I do not want to go further into arguments after having heard from you how things have taken place, but I do wish to place before you some of the rulings which I have got which go to show that this Bill as emerging out of Select Committee is absolutely unwarranted, illegal and vitiates the entire report of the Committee and before the House there is no report at all. This is my submission. If you will permit, I will place some rulings before you.

Mr. Speaker: However, the rulings follow certain facts. In this case, it is alleged that, as a matter of fact, the Select Committee have failed to consider the original Bill. If that is established, then we shall have ample time to consider the rulings.

Pandit Thakur Das Bhargava: Nobody is denying this fact.

Mr. Speaker: That is just the point, as the honourable member will see, when I give my ruling which I have carefully prepared after reading all the papers. If any further points arise after the facts as stated by me are accepted, then those points of order may be considered.

Shri M. Tirumala Rao (Madras: General): Before you give your ruling, is there no other method of knowing the truth except by inference?

The Honourable Dr. B. R. Ambedkar (Minister for Law): May I, with your permission, intervene for a minute to correct an impression which my friend Pandit Bhargava has sought to create in this House that the original Bill which was referred by this House to the Select Committee was never before the Select Committee? I think it is a gross mis-representation. If my honourable friend were to refer.....

Mr. Speaker: I have myself studied the position in great details. I shall clarify it by reading out my decision.

Pandit Mukut Bihari Lal Bhargava (Ajmer-Merwara): I have additional facts.

Mr. Speaker: Order, order.

Pandit Mukut Bihari Lal Bhargava: There is one additional fact which has not come to the notice of the Chair. I wrote a letter to the Law Department to find out whether any redrafted Bill was printed. The information given to me was that only a few copies were printed and they were available in the library of the House. I have referred to that Bill and it is a fact that a re-drafted Bill was printed in July 1948 prior to the meeting of the Select Committee. That Bill was considered clause by clause by the Select Committee and that is the Bill that has emerged from the Select Committee with its report. The report mentions this. Therefore my respectful submission is that that re-drafted Bill may be taken into consideration to find out whether the Select Committee applied its mind to the Bill that was referred to it or some other re-drafted Bill that was printed under the signature of Dr. Ambedkar, after scrutiny of the original Bill and absolutely in a different form. That is a very important material and additional fact which I respectfully bring to the notice of the Chair before the ruling is given.

Pandit Thakur Das Bhargava: I have got a copy of that Bill with me.

Mr. Speaker: I have some facts which honourable members do not have.

The Point of Order that the Honourable the Law Minister's motion for consideration of the Select Committee Report on Hindu Code is incompetent, as raised by the honourable member Mr. Naziruddin and supported by a few other members on 31st August 1948, is based on a narrow limit of facts. The objection raised is presented as a chain of reasoning in the following form:

"What the Select Committee considered was a 'substitute' of the original Bill in the form of 'a revised draft'. Therefore the Select Committee did not consider the Bill referred to it, but 'a new document', and the present report of the Select Committee, being a report on a new document, there is no Select Committee Report on the original Bill. The Honourable the Law Minister's motion for consideration of the Bill, as it emerged from the Select Committtee, is, therefore, incompetent". That is the substance of the Point of Order. (*Shri Mahavir Tyagi*: "Is that your ruling?") I believe I have stated the point correctly.

None of the members, Mr. Naziruddin Ahmad, Pandit Thakurdas Bhargava and Srijut Biswanath Das, who raised or supported the Point of Order, were members of the Select Committee and naturally, therefore, have no personal knowledge as to what was considered at the meetings of the Select Committee. They, therefore, relied upon some statements in the report of the Select Committee and inferred that the original Bill, as referred to the Select Committee, was not taken into consideration by them.

The question thus raised is purely a question of facts, namely, whether the Bill referred to the Select Committee, meaning thereby the various substantive

provisions thereof, as distinct from the form or sequence in which they were put, were or were not considered by the Select Committee; whether the Select Committee did or did not apply their mind to the substantive provisions of the Bill as referred to them.

It is not disputed that the Select Committee had a right to add to or to delete from or to improve upon the provisions of the Bill as referred, provided the additions, deletions or improvements, etc. suggested by the Select Committee are within the scope of the Bill. I need not therefore, enter into this aspect, as no such question about the Select Committee having gone beyond the scope of the Bill is raised before me.

I may now examine, in the light of the written as well as oral evidence before me, the statement of facts as formulated by the honourable members who have raised the Point of Order.

I may shortly state the facts as to how the Bill that was introduced came to be framed. As stated in the Statement of Objects and Reasons, the Central Government, by their Resolution dated the 20th January 1944, 'appointed a Hindu Law Committee for the purposes of formulating a Code of Hindu Law, which should be complete as far as possible'. This was done in pursuance of 'a growing public opinion in the country in favour of a consolidated and uniform Code dealing with the different topics of Hindu Law for all the provinces and for all sections of the Hindu Society'. It was also felt that, in view of the 'present conditions and trends in Hindu Society' there is a great need to alter the law so as to make it fit the new pattern, to which the Hindu society seems to be rapidly adjusting itself.'

When the motion for reference of the Bill to the Select Committee was carried on 9th April 1948, there was hardly any time for honourable members to express themselves on the substance as well as the form and the drafting of the Bill. The Ministry of Law, having felt that the Bill 'as drafted by the Hindu Law Committee did not conform to the canons of a Code', decided to revise the draft of the Bill and to remove those defects, so as to enable one to have 'a full and complete picture of the provisions of the Code'. They, therefore, undertook the task of re-arranging the parts and divisions of the original Bill in consecutive sections and in a logical sequence, and also made some further suggestions as they thought proper for consideration by the Select Committee. The Ministry of Law simply placed before the Select Committee a sort of a proper form in which the original Bill could have been shaped by the Select Committee themselves at their meetings or they could have directed the draftsmen to carry out the changes.

It may be noted here that, while circulating the Code in a revised form, the Ministry of Law supplied to the members of the Select Committee an index also giving therein, for facility of reference, the place of a section in the revised Code with the corresponding section in the original Bill, as prepared by the Hindu Law Committee. The Members of the Select Committee had thus before them, at all times and at every stage, the provisions of the Code as contained in the original Bill. The Ministry of Law further invited the attention of the Members of the Select Committee to changes of substance suggested by them in the revised draft. It was, therefore, clear that at all stages of deliberations by the Select Committee of the provisions of the Bill, both the revised and the original were before them and the deliberations had proceeded on a comparative study of the original provisions and the provisions contained in the revision as suggested by the Ministry of Law.

Coming to the question of evidence as to the above facts, the only member of the Select Committee who spoke with reference to the Point of Order was, Pandit Balkrishna Sharma. Pandit Balkrishna Sharma stated in the House: "The Bill which the House asked us to consider was always before

[Mr. Speaker]

us." The evidence on record consisting of the main report, as also the dissenting minute, amply support this statement. The honourable members, who have raised this objection, relying upon passages in the Select Committee Report or the Dissenting Minutes seem to take certain passages out of the context and by themselves. This is what the main report says:

"We, the undersigned, having considered the Bill"—not the revised draft—"have now the honour to submit, etc." This is how they begin the Report.

They speak of having considered the Bill and not the revised draft. But further they say as follows:

"The Draft Hindu Code, as introduced in the Legislature did not receive any departmental scrutiny prior to its introduction and the Ministry of Law have now produced a revised draft, which, in our opinion, is more satisfactory in several respects. This revised draft does not make any substantial changes in the body of the original Bill, but within the framework of the original Bill, it has recast it so as to be in the form in which Bills are usually presented to the Legislature."

So it will be clear that the Select Committee had applied their mind to the original Bill and had come to the conclusion that there was revision thereof, not in substance but in respect of the form only.

M.

They also mention the reasons why they considered the revised draft as better than the original one, and then they say:

"Consequently we decided to confine our deliberations to the revised draft of the Bill."

The word "consequently" is important. Having seen the substantive provisions of the original Bill and the revised draft, it was natural and more appropriate to deliberate on the revised draft, which was nothing else than the substance of the original Bill in an improved form. The Select Committee further say:

"References are given in the margin to each section indicating the corresponding section in the original Bill".

This is a further cogent proof that, though their deliberations were confined to the revised draft for finalising their conclusions, they had before them the view of each and every clause of the original Bill. This is made further very clear in the notes on clauses in which they deal with various parts and clauses of the Bill and state with reference to each part or clause the corresponding part or clause of the original Bill.

The joint minute of dissent of Dr. Bakshi Tek Chand and Pandit Balkrishna Sharma says, in passing at one place, that what the Select Committee considered was the revised draft and not the original Bill. This has to be interpreted in the light of what has been said above. The place where they make a mention of the revised draft being considered, the point of their contention is that the changes suggested by the revised draft were not merely changes of form, but related to matters of substance. It may be remembered that, in their detailed and able minute, they did not make any point that the original Bill was not considered by the Select Committee. Whether the changes suggested by the revised draft are good or otherwise, is the point they are making in their minute of dissent.

On the facts, therefore, as disclosed by records, I am clear that the Select Committee had given full and due consideration to the substantive provisions of the Bill that was referred to them, and the present motion of the Honourable the Law Minister is, therefore, competent, and in order.

Now, this being the decision on facts, what is the point of order of Mr. Kapoor?

An Honourable Member: We may adjourn now; it is past five o'clock.

Mr. Speaker: The House may now adjourn.

The Assembly then adjourned till a Quarter to Eleven of the Clock on Friday the 18th February, 1949.

31PD—102LAD—18-7-49—906.